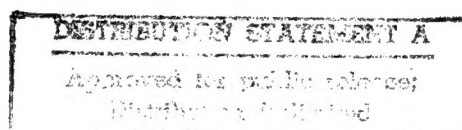


JPRS-LAM-86-028

20 March 1986

# Latin America Report



19980804 120

DTIC QUALITY INSPECTED

Reproduced From  
Best Available Copy



FOREIGN BROADCAST INFORMATION SERVICE

REPRODUCED BY  
NATIONAL TECHNICAL  
INFORMATION SERVICE  
U.S. DEPARTMENT OF COMMERCE  
SPRINGFIELD, VA. 22161

157  
158

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

20 March 1986

## LATIN AMERICA REPORT

## CONTENTS

## INTER-AMERICAN AFFAIRS

CARICOM-Hoyte Talks: More Criticism; U.S. Role Denied (Various sources, various dates).....	1
CATHOLIC STANDARD Charge	1
St Vincent Opposition Charges	2
Interview With Mitchell	3
Further Mitchell Comments	7
Montserrat Leader: Caribbean Colonies Ignored (TRINIDAD GUARDIAN, 21 Feb 86).....	8
Bank Approves Loans for St Lucia, Turks, & Caicos (CANA, 22 Feb 86).....	9

## BARBADOS

Public Sector Unions Could Unite in Single Body (WEEKEND NATION, 7-8 Feb 86).....	10
Public Workers Union Voices Stand on Pay Issue (SUNDAY SUN, 9 Feb 86).....	11
Lagging Wages	11
Government Pressure	12
Briefs	
Youth Plan-BDF Separation	13
EEC Technical Aid	13

## CHILE

Opposition Magazine Prints 'Democratic Intransigency' Manifesto (ANALISIS, 28 Jan-3 Feb 86).....	14
---	----

JDC Palma Says 1986 Decisive for Democracy (Andres Palma Interview; ANALISIS, 21-27 Jan 86).....	18
DOMINICA	
Government Denies Role in French Islands' Deportations (CANA, 15 Feb 86).....	20
Government Unable To Pay Wages of Civil Servants (TRINIDAD GUARDIAN, 21 Feb 86).....	21
Government Statement	21
Union Reaction	21
Briefs	
Agricultural Exports	22
DOMINICAN REPUBLIC	
Nontraditional Agricultural Export Program Started (Manuel Silvestre; LISTIN DIARIO, 20 Jan 86).....	23
Cantaloupe Production Under CBI Begun (Miguel Amado Nova; LISTIN DIARIO, 9 Jan 86).....	25
Briefs	
Electric Company, Union Agreement	27
ECUADOR	
Opposition Leaders Reject Febres Cordero's Statements (EL UNIVERSO, 29 Jan 86).....	28
Administration Adopts New Economic Measures (EL UNIVERSO, 29 Jan 86).....	31
24 Percent Inflation Expected in 1986 (Eduardo Larrea S.; EL COMERCIO, 12 Jan 86).....	34
GUATEMALA	
Congressional Membership Issue Divides MLN (PRENSA LIBRE, 11, 14 Jan 86).....	36
Sandoval's Position Rejected	36
Ideology, Participation Consistent	36
Church Official on Social Injustice, Guerrillas, Church Role (Prospero Penados del Barrio Interview; PENSA LIBRE, 5 Jan 86).....	38

INACOP Asks for Government Non-Intervention (PRENSA LIBRE, 7 Jan 86).....	44
Union Congress Debates Role Under New Government (PRENSA LIBRE, 4, 11 Jan 86).....	46
Strategy Planned	46
Legislative Salary Proposal	47
New Import Tariffs Cause Upset in Private Sector (PRENSA LIBRE, various dates).....	48
Importers, Consumers Pay	48
Chamber of Commerce Opposition	49
Danger of Recession	52
Agriculture Unaffected	53
Campaign Promises Forgotten, by Hugo Contreras Valladares	53
Agriculture Minister on Reduction in Coffee, Cotton Production (PRENSA LIBRE, 7 Jan 86).....	56
Briefs	
CACIF Calls for Review	57

#### HONDURAS

Azcona's Policies Toward U.S. Role Criticized (Editorial, Anibal Delgado Fiallos; LA TRIBUNA, 14 Jan 86).....	58
Azcona Swears in New Cabinet Ministers (LA TRIBUNA, 28 Jan 86).....	60
Villega Pessimistic on Reaching Solution to Health Problems (Divina Alvarenga; LA TRIBUNA, 13 Jan 86).....	65
Health of Economy Examined as Suazo Concludes Term (LA TRIBUNA, 27 Jan 86).....	67
600 Million Fiscal Deficit	67
Negative Balance of Payments	68
Briefs	
COLPROSUMAH Presents Grievances to Azcona	70

#### MEXICO

Tlaxcala Governor Faults 'Technocratic' Political Approach (Tulio Hernandez Interview; PROCESO, No 478, 30 Dec 85)...	71
--	----

Citizens Polled on Acceptability of Further Budget Cuts (Adip Sabag; EXCELSIOR, 24 Feb 86).....	78
Citizens Polled on Entry Into GATT, Impact on Nation (Adip Sabag; EXCELSIOR, various dates).....	79
New Minimum Wages Announced, Wage Groups Cut to Three (EXCELSIOR, 28 Dec 85).....	81
Chihuahua Electoral Law Talks Collapse After Three Sessions (EXCELSIOR, 12 Jan 86).....	83
PAN Under Investigation for Diversion of Municipal Funds (Guillermo C. Zetina; EXCELSIOR, 12 Jan 86).....	84
Police of PAN-Ruled Cities in Chihuahua Get Special Training (Manuel Cabrera G.; EXCELSIOR, 16 Jan 86).....	85
Widow of Camarena's Pilot Still Without Pension Benefits (Eduardo Chimely; EXCELSIOR, 22 Jan 86).....	87
Property of Caro Quintero Lieutenant Given to Peasants (EXCELSIOR, 24 Dec 85).....	88
Briefs	
Tampico Alien Detention Figures .....	89

#### PERU

Food Shortages, Distribution Problems 'Critical' (EL COMERCIO, 19-21 Jan 86).....	90
Lima Distribution Problems .....	90
Brazil Supplies Buffalo Meat .....	91
Argentina, Brazilian Beef Arrives .....	92
National Industrial Policy Plan Detailed (Manuel Romero Caro Interview; EL COMERCIO, 19 Jan 86)....	94
Brazilian Diesels, Airport Safety Discussed (Jose Murgia Zannier Interview; EL COMERCIO, 18 Jan 86)...	102
Briefs	
Piscobamba Fishing Complex .....	104
PETROPERU on Gas Pipeline .....	104
Preference to Local Firms .....	104
Locally-Made Computer Software .....	105
Housing Shortage Assistance .....	106

## SURINAME

Draft Constitution Seen as Overtaken by 25 Nov Accord (Henk Thomas; DE VOLKSKRANT, 8 Jan 86).....	107
--	-----

## VENEZUELA

Need To Reorient MAS Political Strategy Underlined (Gilberto Alcala; EL DIARIO DE CARACAS, 20 Jan 86).....	110
Military Maneuvers on Caimanes Beach (EL DIARIO DE CARACAS, 31 Jan 86).....	112
Visiting SI Leader on OPEC, Other Issues (EL DIARIO DE CARACAS, 2 Feb 86).....	114
Need To Revise San Jose Accord Underlined (EL DIARIO DE CARACAS, 27 Jan 86).....	115
First Stage of Uribante-Caparo To Be Completed in 1987 (Francisco Olivares; EL DIARIO DE CARACAS, 18 Jan 86).....	118
Briefs Nurgas Pipeline Network	120

20 March 1986

## INTER-AMERICAN AFFAIRS

## CARICOM-HOYTE TALKS: MORE CRITICISM; U.S. ROLE DENIED

## CATHOLIC STANDARD Charge

Georgetown CATHOLIC STANDARD in English 9 Feb 86 pp 1, 4

[Text]

THE GRENADINE island Mustique off St. Vincent, has in recent years often been in the news as the favourite Caribbean hideaway of Princess Margaret.

However last week Mustique was the scene of events of a most extraordinary kind, even if they did not catch the world headlines. Six Caricom Heads of Government met there with President Hoyte of Guyana.

Until then three of the Heads had roundly denounced the elections in Guyana and had in turn been denounced personally by a Guyana Government spokesman.

Another Head returning recently from the Conference of like-minded parties in Jamaica, had expressed the view that the observance of Human Rights should be of as much interest to Caricom governments as the revival of trade, a thinly veiled reference to Guyana.

The Prime Minister of Barbados in the wake of the election had sent a telegram so carefully phrased that it could in no sense be regarded as congratulatory.

The Prime Minister of Dominica had vowed not to come to Guyana, as her life would be in danger.

Then suddenly there was a dramatic turn around, a miracle of miracles.

President Hoyte, despite the vitriol so recently poured out on

these same colleagues, went to sit down with them in the romantic scenery of Mustique.

Miss Charles, we have been told, has declared that she will be attending the Summit in Georgetown.

We hear that all the PMs were satisfied with the proof President Hoyte supplied on the elections.

Why this sudden turn around? Maybe one has no further to look than two or three events, namely, the report that the Guyana Government has been having talks with officials of the US State Department, the US Ambassador's presentation to the President's College, the State Department's ambiguous utterances on the recent election and the dismissal of a broadcaster who uttered a news item derogatory of the US President.

The signals have now got through that President Hoyte's boat must not in any circumstances be rocked in keeping with US strategic interests.

All of this comes on the heels of the report that the US is ready to restore the supply of wheat to our flour mill under the PL 480 arrangements, if the Guyana Cabinet reaches agreement on the matter.

While all this must come as a disappointment to the so recently united opposition, it could lead to pressures on the Guyana Government especially by the United States to improve its human rights observance and genuinely open up the country to individual initiative and private enterprise.

In the meantime the "Eastern European" advocates in the ruling group and their Eastern European friends must have a lot to think about.

[The above article was carried in its entirety in the Port-of-Spain TRINIDAD GUARDIAN of 17 February, page 11, with attribution to the CATHOLIC STANDARD.]



St Vincent Opposition Charges

Bridgetown DAILY NATION in English 6 Feb 86 p 8

[Text] Both the leader of the St. Vincent Labour Party, Mr. Hudson Tannis, and the leader of the leftwing United People's Movement, Mr. Oscar Allen, are critical of Prime Minister James Mitchell's stand on the controversial electoral politics of Guyana.

Neither of them accepts that the initiative to have Eastern Caribbean leaders meet with Mr. Desmond Hoyte on the island of Mustique was solely that of Mr. Mitchell, with Mr. Tannis restricting his claim to "outside influence", and Mr. Allen deeming it a "political manoeuvre to satisfy the United States government".

Says Mr. Tannis: "I do not agree with the posturings and statements of Mitchell, of Eugenia Charles or of John Compton on the Guyana situation. I think our CARICOM leaders should have seized the opportunity after Burnham's death to act collectively in impressing upon Desmond Hoyte, as the new president, the need to take into consideration the region's views of the conduct of elections in Guyana.

"They should have", he said, "delegated one of their members to go to Guyana before the December 9 elections and speak with Mr. Hoyte, not to wait until the elections are held and then start expressing themselves and making all kinds of statements, only to change their posturings later."

Mr. Tannis said that it was his strong feeling that following the "outright condemnation of the Guyana elections by Mr. Henry Forde, and because of his (Mr. Forde's) strong influence and the respect for him, certain movements started to take place, including the going to Guyana by another Barbadian politician (a clear reference to Mr. Errol Barrow) whom I prefer not to name. The fear was that CARICOM may disintegrate because of differences over Guyana.

"My party does not want CARICOM to disintegrate, and we believe in dialogue. But we deeply regret that no initiative was taken before the Guyana elections."

For his part, Mr. Allen in a press statement critical of the Mustique meeting, said that "it is clear that Prime Minister Mitchell did not go to the meeting prepared to raise the real abuses that occurred in the Guyana elections."

He also said that "several aspects of the meeting, including the lack of any serious preparation for it, cause us to raise strong objections and suggest that improper motives controlled the meeting...."

## Interview With Mitchell

Bridgetown WEEKEND NATION in English 7-8 Feb 86 p 16

[Interview with James Mitchell, prime minister of St Vincent and the Grenadines, by Rickey Singh in Kingstown: "Mitchell's Passion--Righting the Wrong"; date not given]

[Text]

KINGSTOWN — Within an 18-month period, the Prime Minister of St. Vincent and the Grenadines, James Mitchell, hosted two very significant Caribbean political gatherings.

The first, on Union Island in August 1984, led to the formation of the New National Party (NNP) in Grenada in time for the December elections of that year which the NNP, under Herbert Blaize's leadership, won.

The other event, just two weeks ago on the island of Mustique, resulted in a sensational political somersault by some Eastern Caribbean government leaders on the Guyana political situation, with what's seen as business as usual with the administration of President Desmond Hoyte.

How does "Son" Mitchell, the 53-year-old agronomist turned politician, perceive himself in regional politics? What motivates him? To what extent, is he being influenced in his initiatives by the United States?

Is it really true, as the leader of the opposition St. Vincent Labour Party (SVLP), and former Minister of Foreign Affairs, Hudson Tannis, contends, that Mr. Mitchell suffers "from an abysmally frightening ego" and is "wrapped up in image-making"?

Or, as sympathisers of the prime minister and leader of the centrist New Democratic Party (NDP) feel, he is an "honest political broker, a man genuinely interested in regional unity and progress?"

In an exclusive interview for the WEEKEND NATION, conducted here at the Prime Minister's official residence, Mr. Mitchell declared: "I have a passion for getting things done. What motivates me is to see what we can do to rectify or change what's wrong...Frankly, political power for me is an instrument for getting things done."

### Regional survey

So, according to him, as he "surveyed" the Caribbean scene at the beginning of this year and "considered the implications for the region as a whole" of the devaluation of the currency of the Caribbean Community's (CARICOM) "most economically strong member, Trinidad and Tobago", as well as pondering "the problems involved in isolating Guyana, whose natural resources are important for the entire Caribbean Community," he felt "that something must be done."

What he did is now history. He organised an informal meeting on his Grenadine island of Mustique, the exclusive holiday hide-out of the international jet set, or CARICOM leaders to meet with Guyana's President Desmond Hoyte.

He takes full credit for what is clearly a personal political plus for him, and dismisses suggestions that the United States leaned on him, as they did for the 1984 Union Island initiative, to make the Mustique meeting a reality. He insists that he acts "independently" and that his NDP was still "central".

"I admit," he said, "that the Americans were happy with my effort to unite three of the parties of Grenada into one, the NNP. But the initiative on Guyana was my own, though I understand the Canadians are happy, and yes, I guess the Americans too, will all be pleased with what I have done . . ."

This liberal use of the personal pronoun does not endear him to his detractors like Mr. Tannis and Oscar Allen of the leftwing United People's Movement (UPM), both of whom insist that the Mustique initiative "originated outside of St. Vincent".

But Mr. Mitchell offered a philosophical view for "moving to influence change in Guyana:

### **Certain influences**

"I know we cannot change our geography, but I feel we can change our history. If we the leaders cannot change or guide the history of the Caribbean, then we are not doing our job. So I felt that one could have certain influences on what was happening in Guyana and that one should try . . ."

Before he explained how he achieved the Mustique meeting, which Trinidad and Tobago and Antigua and Barbuda declined to attend, and for which Jamaica found it "inconvenient" to be present, though supportive of the initiative.

I asked Mr. Mitchell to provide some details about the 1984 meeting on Union Island. Especially since, for that gathering he had succeeded in having present the late Tom Adams who, as Prime Minister of Barbados, was known to be sympathetic not to him and his NDP but to former Prime Minister Milton Cato and his Labour Party.

Talking with an informality that's very much his political trademark, and evidently pleased to retrace the steps of that historic gathering that came just ten months after the United States-led invasion of Grenada, Mr. Mitchell explained how he teamed up with his "distant cousin" and close political friend, John Compton, Prime Minister of St. Lucia, to get politicians like Mr. Blaize, Francis Alexis and George Brizan together into the NNP.

"After John and I first met with Mr. Blaize on Carriacou, I arranged the meeting on Union Island. I told John Compton that Mr. Adams had called me, and asked for my co-operation.

"As you may know, Mr. Adams was not on my side while Mr. Cato was in power. In fact he sent Barbadian troops in 1979 into Union Island, which is part of my constituency, during some disturbances there. Also at the time of the July 1984 elections, a Barbadian gunboat was in our waters.

"However, it was ironical that we all met on Union Island, just a month after I came to power, and had lunch in the home of one of the men arrested in the Union Island disturbances, Conrad Adams, a friend of mine.

### **Grenada coalition**

"There, we succeeded in putting together the coalition of Grenadian parties into the NNP. I was very happy when they won the elections later that year. On the morning after the elections I travelled to Carriacou and had breakfast with my old friend Blaize".

In an interview last year with *Caribbean Review*, Mr. Mitchell claimed that "if I had not won the St. Vincent election, the Grenada election might have gone a different way (perhaps to Sir Eric Gairy).

"I doubt there was anyone else," he boasted, "who could have coordinated the Grenada parties, Mr. Compton and Mr. Adams as I did."

And Guyana?

What magic, what kind of new evidence caused the change of heart by those who were so critical of rigged elections there?

"Look", he blurted, "I was one of the sternest critics of Guyana under Forbes Burnham. I am happy that I criticised Mr. Burnham's politics while he was alive. I felt that after his death, his successors had an opportunity to bring about changes, bearing in mind the concerns expressed about the conduct of elections. They had the opportunity to create a new image. I was, therefore, disappointed that they did not permit outsiders to go and observe the elections. Yes, it is true that after the December poll, I remained critical of the election politics."

"But," he added as he offered his explanation for changing course, "as a leader, looking at the Guyana situation, we were faced with two alternatives:

"One, to continue on a path which meant the isolation of Guyana. That would have involved things like moving the CARICOM Secretariat out of Georgetown, turning our backs on Guyana. That was one direction. I could see that there would be difficulties about that because the CARICOM Treaty calls for unanimity in certain decisions, and I could see that we could not get unanimity because Guyana itself would not agree."

### Pressure on bank

"That line meant, of course, pressure on the Caribbean Development Bank, because the bank would then have to forget about its loans to Guyana. It meant pressure on the Government of Barbados with its resources held by Guyana under the Caribbean Multilateral Clearing Facility ...

"The other alternative," he added, "was to try and do something about promoting a change in Guyana. As I said earlier, I feel we cannot change geography, but we can change history."

"Having met Mr. Hoyte first at the Commonwealth Heads of Government Conference in the Bahamas, I felt that he was someone you could talk to, quite different from Mr. Burnham ..."

But, I pointed out to Mr. Mitchell, his own sharp criticisms of the Guyana December elections came with Mr. Hoyte, the man with whom they could "talk" very much in charge, and as the president who had refused to allow independent monitoring of the poll.

He, however, went on to explain that after listening to a suggestion from "a Trinidadian businessman friend (who turned out to be the publisher of the sensational Trinidad weekly, the *Bomb*) who also felt that Mr. Hoyte is a man I could talk to, I spoke with Eugenia Charles and John Compton about a possible meeting with Mr. Hoyte. They were interested. I later contacted Mr. Hoyte and he was willing to be present ..."

### Charles' proposal

As he explained it, it was Miss Charles' idea that the meeting should be "at a very informal level, no agendas, no officials. She said that she wanted Mr. Hoyte alone to come and not civil servants and foreign ministers."

So after some 40 telephone calls, he personally made, "and without telling any of my aides about the meeting I was arranging", "he managed to interest Barbados' Bernard St. John, St. Lucia's John Compton, Dominica's Eugenia Charles, Grenada's Herbert Blaize, Kennedy Simmonds of St. Kitts-Nevis and the man of the moment, Mr. Hoyte."

He said he did not tell the Press about the meeting because this may have "complicated matters". The *Bomb's* publisher, he explained, was at Mustique, because he was also "a friend of Hoyte" and knew "about the arrangements".

"Edward Seaga was very supportive of the idea and even wanted to host it. But I decided that it would be better to host it on Mustique, which is very private and central. It is not far from Barbados (some 90 miles) or from Grenada (60 miles) or St. Lucia (50 miles)."

In the end, Mr. Seaga could not make it, because, he said, of "prior commitments".

Mr. Mitchell said that when he spoke with the Prime Minister of Trinidad and Tobago, George Chambers "he insisted that any such meeting should be held under the umbrella of CARICOM and that the current chairman of CARICOM, Bernard St. John, should summon the meeting."

"This" said Mr. Mitchell, "was not the kind of meeting I had conceived. I regret that the Prime Minister of Trinidad and Tobago took such a position, but who am I to advise him? He represents the most powerful country, economically in the region, and I was disappointed really that he didn't come."

"But his absence did not deter us. So I called Bree St. John, and he said that he was quite happy to come down and join us in Mustique for an informal get-together, without any formal agenda, so that we could get to know each other a little better. That's how we proceeded."

Mr. Mitchell said that originally, the meeting should have taken place on January 19 but the date proved inconvenient to most.

The surprising absentee, for him, was Antigua and Barbuda with whose Deputy Prime Minister and Foreign Minister, Lester Bird, he had spoken.

Having gotten an assurance that Antigua and Barbuda would be present, he subsequently received a telephone call through an official, saying that no one would be attending the meeting.

I was told by Mr. Mitchell that according to informed sources close to Mr. Bird, it was disclosed that Antigua and Barbuda was "not sure about the real agenda, and was amused to learn about heads of government meeting without an agenda but to eat, swim and ole talk."

Mr. Mitchell said that he preferred not to comment further on Antigua's absence, nor was he prepared to get involved in a dispute through the media in relation to a statement attributed to Mr. Hoyte that the leaders who met in Mustique had "accepted the case" of the Guyana Government and that his opponents of the Patriotic Coalition for Democracy, would be given "no encouragement" by CARICOM governments.

## **No American input**

Insisting that "the Americans had nothing to do with the meeting", he said that it was not a question of "accepting Mr. Hoyte's side and forgetting about human rights concerns affecting the Guyanese people, but trying to see how we can influence changes for the future for the benefit of Guyana and for the region as a whole."

Mr. Mitchell then disclosed that Mr. Hoyte gave the Mustique meeting "the assurance" that he was prepared to have foreign observers from the United States and elsewhere for forthcoming local government elections in Guyana.

"All this talk about video and so on that Mr. Hoyte gave us, you think we had time to sit down in Mustique and look at pictures. I have not even looked at the video . . . I am now interested in seeing in what direction we want to go. The leaders have decided that they have got to work and improve a situation that's there."

"I also saw the Guyanese opposition later in my office when they came to St. Vincent as a delegation of the Patriotic Coalition for Democracy."

"I asked them if they believe that we are naive not to know that our own credibility will be at stake in the future unless changes take place in Guyana."

"Now that we are involved with the Guyana situation," said Mr. Mitchell, "we would want to ensure that things go right down there because we believe in the evolution of the situation there in Guyana. We must have a democratic evolution within the Caribbean."

## **Important step**

"I do not see the Mustique meeting as a final episode. It was one step, a very significant and important step. As Mr. Hoyte himself said, he thinks that I have introduced something new in the Caribbean, a new institution of the heads of government getting together in an informal way. This has never happened before."

Mr. Mitchell said that if they didn't have the Mustique meeting "I hate to think what kind of CARICOM Summit we would have had in July. I don't believe we would have gone. It would have had a snowballing effect with this one saying he was not going and then someone else finding another excuse for not going."

I asked him what he thought of the surprising statement by Miss Charles that having received "certain assurances" from Mr. Hoyte she would now be going to Guyana for the summit.

Mr. Mitchell said that he knew that this would come as "a real surprise", but preferred not to comment on the decision other than to say he was glad for the positive nature of the Mustique "get-together".

He feels there should be more such events in the interest of "Caribbean unity and progress".

Mr. Mitchell said he was encouraged to see that as a direct outcome of the Mustique meeting that discussed trade and other matters of regional interest, a Guyana trade mission was now visiting a number of CARICOM countries.

#### Further Mitchell Comments

Port-of-Spain SUNDAY EXPRESS in English 23 Feb 86 p 18

[Text]

"BULL," was how St Vincent Prime Minister James 'Son' Mitchell last week described the view that a recent meeting in Mustique between himself, other Eastern Caribbean leaders and Guyana Prime Minister Desmond Hoyte had been instigated by the United States.

In an interview with the EXPRESS in Port of Spain on Friday, the day after he and other Caribbean Prime Ministers met with United States President Ronald Reagan in Grenada, Mitchell said the Mustique meeting had been entirely his own idea.

"I felt we couldn't just leave Guyana out in the cold," Mitchell said, adding that the idea first came to him after he had attended his first Commonwealth Prime Ministers Conference in the Bahamas last year.

"I mean, there we were," he said, "me in my T-shirt and Rajiv (Gandhi) in his T-shirt and (Kenneth) Kuanda, meeting informally and chatting and I thought, 'Well, why can't we do this in the region?' So I got in touch with Hoyte and we set up this sort of informal gathering."

Asked whether the Guyanese President had convinced him that the last general election in Guyana had

not been rigged, Mitchell replied: "Not really."

He added: "But I said to him, 'You've got to open up, you've got to allow the press in and you've got to come out of isolation.' And I wasn't just thinking about the last election alone. I'm looking down the road to the next general election."

Mitchell also said that unlike the late Forbes Burnham, President Hoyte was "a man you can talk to and once we can talk, I think there's a lot of hope."

Mitchell pointed to Guyana's vast resources and said the Caribbean Community could not afford to leave Guyana isolated.

/6091

CSO: 3298/340

INTER-AMERICAN AFFAIRS

MONTSERRAT LEADER: CARIBBEAN COLONIES IGNORED

Port-of-Spain TRINIDAD GUARDIAN in English 21 Feb 86 p 5

[Text]

PLYMOUTH, Feb. 20, AP — CHIEF MINISTER John Osborne blames Montserrat's colonial status for his failure to be included among the Caribbean leaders who met US President Ronald Reagan in Grenada, today.

"I certainly would have liked to meet President Reagan and be part of the discussions, as I know I have a valuable contribution to make as always," Mr. Osborne said. "But the meeting is just for independent territories and Montserrat is only a colony. Nobody is talking to colonies."

Montserrat, a member of the Organisation of Eastern Caribbean States (OECS), supported the October, 1983 invasion, despite Great Britain's opposition, but as a colony had no troops to contribute.

"I feel that they treated us shabbily," Osborne said, referring to his failure to be included in the meeting with Mr. Reagan.

"Mr. Blaize did not invite Caricom members Guyana and Belize, both of which opposed the Grenada invasion. But Prime Minister George Chambers of Trinidad and Tobago, which also opposed the invasion, was invited.

"I accept my inferior status as a (Head of Government of) a colony, because that is what Montserrat wants, but it is embarrassing and disgusting," Osborne said. "We will not be able to share in the benefits of Mr. Reagan's visit, and that is unfortunate."

"But it tells us one thing: as long as we remain a colony, we will be treated a second class, even in our own region," the Chief Minister said. "We need to go independent."

/6091

CSO: 3298/340

INTER-AMERICAN AFFAIRS

BANK APPROVES LOANS FOR ST LUCIA, TURKS & CAICOS

FL221942 Bridgetown CANA in English 1737 GMT 22 Feb 86

[Text] Bridgetown, Barbados, Feb 22 (CANA)--The Barbados-headquartered Caribbean Development Bank (CDB) has announced conditional approval of a fourth loan of 2.1 million dollars (U.S.) for construction of roads in St Lucia.

The bank said its board of directors meeting here on February 6 also approved a second loan amounting to 453,000 dollars (U.S.) to develop port facilities at Providenciales, Turks and Caicos islands.

The two approvals bring total CDB financing to 558 million dollars (U.S.).

The board authorised CDB President William Demas to sign a non-reimbursable technical assistance agreement with the Federal Republic of Germany totalling 1.85 million West German marks (one DM; 2.3 dollars) for a study and technical assistance.

The aim of the assistance is to strengthen the competitive capacity of existing enterprises in regional and export markets, point out investment possibilities for foreign business partners and identify bankable projects by carrying out up to 12 product-related feasibility and up to three sectoral studies.

The board noted the prior approval by the president of a grant from CDB's special funds resources to the Caribbean Agricultural Credit Association (CACRA) for part financing of a senior management workshop.

The board also approved technical assistance using Inter-American Development Bank resources for a feasibility study on the improvement of port facilities at Road Bay and Spanish Town in the British Virgin Islands.

/6091

CSO: 3298/340



BARBADOS

PUBLIC SECTOR UNIONS COULD UNITE IN SINGLE BODY

Bridgetown WEEKEND NATION in English 7-8 Feb 86 p 32

[Text]

ALL PUBLIC SECTOR UNIONS in Barbados are to be approached this year about coming together as one body.

This has been announced by the general secretary of the National Union of Public Workers (NUPW), Joseph Goddard.

He told the WEEKEND NATION he had already held informal discussions with the Barbados Union of Teachers (BUT) and the Barbados Secondary Teachers Union (BSTU) and would be asking the NUPW conference next month to get the secretariat to agree to formal talks.

He added the projected amalgamation would include not only these three unions but would also embrace such bodies as the nurses and prison officers.

Mr. Goddard said the envisaged single voice would give public workers more industrial power, strengthen the strike fund and curb operating costs. It would also mean that frequent union dues increases could be avoided.

He claimed Government now took advantage of the unions by playing off one against the other, especially during negotiations for wages and salaries.

"With a single body and a single voice, this would end and the public workers would be better able to have their demands met."

**Wider membership**

Mr. Goddard also disclosed that NUPW was now expanding its membership beyond Government and quasi-Government departments, to take in employees from the Transport Board, Caribbean Broadcasting Corporation (CBC), day nurseries, children's home, Pine Hill Dairy, Barbados Marketing Corporation, the oil fields and such.

Previously the union rules excluded such workers, who had to seek representation in the Barbados Workers' Union (BWU).

However, according to Mr. Goddard, a March, 1984 change of rules now allows NUPW to embrace the entire public service including boards and any operation in which Government has a substantial share-holding.

He also indicated the new status could allow the union if it wanted to extend membership to workers in the public sector adding, "If we were faced with approaches for membership from people, say in the hotel industry or the telephone company, for example, I believe they would not be refused."

Mr. Goddard also noted membership of the NUPW had been increasing significantly recently, which he attributed to a feeling of insecurity on the job among public workers and the behaviour of politicians.

He added: "Nobody is taking chances these days and the work-load of the union is greater than ever."

/6091

CSO: 3298/341

BARBADOS

## PUBLIC WORKERS UNION VOICES STAND ON PAY ISSUE

### Lagging Wages

Bridgetown SUNDAY SUN in English 9 Feb 86 p 40

[Text]

THE 15 000-STRONG NATIONAL UNION OF PUBLIC WORKERS (NUPW) has dismissed suggestions that the pattern of a nominal pay increase of ten percent should be followed in the public sector.

The suggestion had come from the employers' body, the Barbados Employers' Confederation (BEC), shortly after an agreement was reached on behalf of sugar workers for a ten percent wage increase over three years.

The BEC said that the period of agreement and the rate of nominal pay increase were "steps in the right direction and should in the context of the current economic conditions, set the pattern for future pay settlements".

But NUPW president, Nigel Harper, said no employers group, Central Bank Governor nor paper economists could speak for 15 000 public workers.

"It is a fact which can be verified by the statistics of the Central Bank that wages of the public sector have been lagging behind certain areas of the private sector," Mr. Harper said.

And, he warned that there was no way the union would sit idly by and allow any group of self-interested, narrow sighted persons to vicariously conduct the union's negotiations and "set up public workers for the kill".

The NUPW and Government are expected to begin negotiations shortly, with the union seeking a 15 percent hike at the top of the salary scale and 20 percent for workers at the bottom.

But its demands have been criticised by the BEC, which cautioned that efforts to reduce unemployment, now running at nearly 20 percent, would fail "if we continue to finance a public sector which already receives wages higher than the major sector of the economy".

Mr. Harper said public workers have seen "too much hell" over the past years and would not participate in "any shadow-boxing exercise".

He said the union has constantly advised that cuts in the public service are inimical to the public interest and that the unemployment problem could only be seriously tackled by the expansion of the public sector.

However, he charged that Government has done everything to bring about contraction, including giving over public sector activities to private sector interests.

20 March 1986

## Government Pressure

Bridgetown SUNDAY SUN in English 9 Feb 86 p 40

[Text]

PRESIDENT of the National Union of Public Workers (NUPW), Nigel Harper, says public service managers and public workers are being severely pressured by the undue demands being placed upon them by Government in its last-minute effort to capture the consciousness of the electorate.

He says this conclusion is based on the incidence of sudden affliction of middle-aged public service managers and the five or so who have taken him into their confidence and have stated that were it not for personal com-

mitments, they would go home.

Mr. Harper says that never in the history of the public service have so many public workers been subjected to the degree of stress and strain which they have had to undergo in these latter days.

"It seems that ministers have now become so insensitive that the health of public workers is no longer their concern," he says. "They no longer see public workers as members of their respective staff, in partnership with them to deliver the several services to Barbadians."

/6091

CSO: 3298/341

BARBADOS.

BRIEFS

**YOUTH PLAN-BDF SEPARATION**--The proposed National Youth Service Scheme will not be operated under the aegis of the Barbados Defence Force. This firm commitment was given yesterday by Minister of Foreign Affairs, Senator Nigel Barrow. Rather, he said, the scheme would be conducted as outlined by Prime Minister Bernard St. John in last year's Budget Speech, by the National Training Board (NTB). Senator Barrow was introducing a resolution in the Senate to acquire land at Harrison's Plantation, St. Lucy, for use in agricultural training in the National Youth Service Scheme. Senator Barrow said Government now had a firm policy as enunciated by the Prime Minister. That is, the voluntary scheme would be operated by the NTB, which was formed in 1979, and with its limited resources, the board would be permitted to contract services from the Defence Force. [Excerpts] [Bridgetown DAILY NATION in English 6 Feb 86 p 14] /6091

**EEC TECHNICAL AID**--Bridgetown, Barbados, Feb 16 (CANA)--Barbados and the European Community will sign a technical cooperation agreement here Tuesday, government officials said. The document to be signed by Prime Minister Bernard St John sets out the areas of assistance which will be given to Barbados over the next five years under the third Lome trade and (technical) convention linking Europe and developing countries. Barbados has been allocated five million European Currency Units (ECU's) under Lome III. [Excerpt] [Bridgetown CANA in English 1625 GMT 16 Feb 86 FL] Bridgetown, Barbados, Feb 18 (CANA)--Barbados says it will use the 9.2 million dollars (one Bds dollar, 50 cents U.S.) allocated to it under the third Lome convention mainly for agriculture and trade. St John said that faced with low sugar prices, Barbados needed to diversify its agriculture sector and was looking to develop livestock, food crops, and other sub-sectors. An EEC statement said the delegations representing Barbados and the European Community defined the development of rural production and marketing and the development of the export of rural products as the focus of co-operation. The statement said the European Investment Bank could also contribute about 18.4 million dollars to the financing of productive projects and programmes in industry, agro-industry, tourism and mining, and in energy production, transport and telecommunications linked to these sectors. [By Hallam Hope] [Excerpts] [Bridgetown CANA in English 1742 GMT 18 Feb 86 FL] /6091

CSO: 3298/341

CHILE

## OPPOSITION MAGAZINE PRINTS 'DEMOCRATIC INTRANSIGENCY' MANIFESTO

Santiago ANALISIS in Spanish 28 Jan -3 Feb 86 (Insert)

[Text] Democratic Intransigency, the Unity of the People and the Democratic Struggle in 1986

### I. Intransigency, an Instrument of Unity in the Democratic Struggle

Democratic Intransigency was born as a symbol of unity amid very difficult and painful times for our country, in April 1985. It symbolizes, first of all, the determination to defend intransigently the goal of achieving full democracy. It is not ethically and politically possible, not even as a tactic, to accord legitimacy to antidemocratic institutions, much less to a regime that boasts of having destroyed democracy, at the cost of the blood-stained and systematic violation of our people's human rights. Secondly, it asserts that democracy and freedom can be achieved through the unity of all political and social forces, without exclusions. In this sense, it reaffirms that there is a method of struggle around which all democrats have developed a broad consensus: social mobilization and civil disobedience, the latter a recourse enshrined even in the Universal Declaration of Human Rights. Lastly, it acknowledges the people and their organizations as the main actors in this struggle for freedom and in the construction of the future democracy.

Democratic Intransigency rests on this foundation, as it seeks to put a total end to the regime and government of the dictatorship by means of a political confrontation that will shatter the entire autocratic establishment. Therefore, it is a national political movement that is struggling for democracy, that publicizes these principles to turn them into a nationwide cause, that promotes an understanding among all democrats, that spurs consistent initiatives for the achievement of democracy and that actively coordinates the activities of its members so that together they can play a leading role in the struggle against the dictatorship.

Democratic Intransigency appreciates and respects existing political groups and feels that membership in them is fully compatible with involvement in other opposition democratic forces, as long as they share our political principles. Chile is our only cause, and we are therefore promoting a national consensus to offer our people a solid democratic alternative based on a permanent commitment to human rights, the construction of a new

constitutional order and the formulation of proposals for the political and institutional groundwork of the transition to democracy and an emergency economic and social accord.

Today, in its new phase, Democratic Intransigency will promote even more strongly than yesterday the unity of the people as an indispensable and decisive factor in the success of the democratic struggle that will put an end to the dictatorship.

## II. Now Is the Time to Achieve Freedom and Democracy

1986 is a decisive year. The democratic forces are clearly in the majority in society today.

Hunger, unemployment, unpayable debts, insecurity and the constant attacks on human dignity and lives have become intolerable and prompted major new sectors to join the social mobilization.

The conflict of legitimacy is cutting across and intensifying the national crisis. The regime can no longer deny that it exists, as it is forced to demand that "the 1980 constitution be recognized, abided by and respected." This is the tragedy of the dictatorship, as it endeavors to forcibly impose a set of mere basic laws that are devoid of all legitimacy and will never be regarded as a democratic constitution because the sovereign people unquestionably had nothing to do with its genesis and content. This is ultimately why there can be no negotiations under the current institutions of the dictatorship.

The picture is clear. On the one hand, there is a failed regime that is isolated domestically and internationally and that is wrongheadedly determined to stay in power indefinitely. On the other, there is an active national majority that, by setting itself up as a democratic force, is capable of confronting and ending the dictatorial regime.

The democratic forces have become more mature and united. People are convinced today that Chile has an alternative. The regime's recent rejection of the National Accord rules out once and for all the path of negotiations that segments of the Right have been promoting and brings social mobilization to the fore as the privileged instrument of the democratic struggle for the opposition as a whole.

There is no reason to wait. 1986 must be the year of Chile's liberation. Let us thus save our people from further suffering and end this national tragedy once and for all.

From a political standpoint, there is no standoff between forces. On the one side there is an overwhelming majority that represents the Chilean people, and on the other a minority-supported, autocratic regime that is trying to survive by demanding that the Armed Forces remain loyal to a dictatorship. We hope that the Armed Forces will eventually be in tune with the democratic aspirations and longings of their people.

To those with a democratic awareness, only the will of the people is sovereign. We must turn to it more than ever in times of crisis. Prevented today from doing so through the arrangements and channels that every democratic State provides to this end, the people will have to express their will and strength through unified organization and mobilization and massive civil disobedience in the face of an unjust and high-handed regime.

### III. An Understanding [concertacion] Is Indispensable and Urgent

Democratic Intransigency proposes to the democratic forces as a whole a political and social understanding based on the following proposals:

1. To take up as a common platform of struggle the demands set forth in the "Immediate Measures" section of the National Accord and the demands contained in the Document of Chile [Pliego de Chile] that the National Command of Workers is promoting. On this common ground, to spur the mobilization of the broadest segments of society in their struggle against the dictatorship and to form a National Command of Social Mobilization that will draw up, by consensus, a Civil Disobedience Plan, indicating the nature of the actions to be taken and the timetable to be followed.
2. To guide the concerted social mobilization towards a central goal, a nationwide work stoppage, demanding the end of the Pinochet government and the regime and the immediate start of democratization in the country.
3. To promote a political understanding among all opposition elements concerning a common agenda for a transition to democracy that will give full guarantees to all democratic sectors and under which the people will freely and sovereignly decide the country's destiny. To this end, we propose the following conditions for a transition to democracy:

The establishment of an interim government, headed by an authority of legitimate democratic origin, such as the chief justice of the Supreme Court. As interim president of the republic, he must:

- i) Implement the first measures to restore democracy.
- ii) Call a direct election for a Constitutional Assembly, with universal suffrage, a secret ballot and well-informed voters.
- iii) Adopt an emergency economic and social program that will give priority to the problems of hunger, unemployment and indebtedness.

The Constitutional Assembly will draft and pass a new State Political Constitution, which must be approved in a referendum. It must also:

- a) Decide whether the 1925 Constitution should be temporarily in force, where it is applicable.
- b) Elect a provisional president of the republic, who will serve until the person who is to replace him takes office, under the constitution that is enacted.

c) Elect a provisional legislative commission to promulgate the laws that the provisional government requires.

d) Establish a constitutional tribunal, which will also have the special duty to see to it that the human rights of all residents of the republic are recognized and respected.

e) Adopt the measures needed to insure the independence of the judiciary, the impartiality of judges and the full administration of justice.

This is a decisive year in the struggle to achieve democracy. We call on all Chilean men and women, on all democrats, to join forces to restore freedom and equality, to invest the people with the sovereignty that is rightfully theirs.

On Behalf of Democratic Intransigency  
Manuel Sanhueza, President

8743

CSO: 3348/433



CHILE

# JDC PALMA SAYS 1986 DECISIVE FOR DEMOCRACY

Santiago ANALISIS in Spanish 21-27 Jan 86 p 36

[Interview with Christian Democratic Youth (JDC) president Andres Palma, by Patricio Acevedo; date and place not given; first two paragraphs are introduction]

[Text] After a complicated series of elections imposed by the dictatorship, Andres Palma took office as president of JDC on 23 January, succeeding Miguel Salazar.

He sounds impassioned and very convinced of what he is saying, though he is always willing to listen to criticism. There is one thing, though, on which he brooks no disagreement: "We have to throw him out and not wait until he leaves." And he says this in all seriousness.

[Question] Opposition groups, including your party, have pointed to 1986 as a "decisive" year for restoring democracy. As a leader of the JDC, what do you think can or must happen for this year to be really decisive?

[Answer] There are four factors today that were not present during the previous 12 years of dictatorship. First of all, there is a National Accord, which is a proposal for a transition to democracy that broad segments of the country have embraced. This accord must be implemented as a result of the heavy pressure being brought to bear. Secondly, today we have a great majority of the social organizations behind us, and they can do more than organize a 1-day demonstration; they can wage an ongoing struggle. Another element is the feeling that the people are prepared to rally very actively behind their organizations to push for the immediate measures set forth in the accord.

The last element that suggests that this year will be decisive is the increasing domestic and international isolation of the commander in chief and the last few cronies who are still with him. Now then, what remains to be done so that we can say with assurance that we are going to throw him out this year? Two major things: to understand, first, that all of us in the opposition must urgently get together and, then, agree on what we have to do to chart a strategy that will enable us to go up to Pinochet and say: "Sir, you're leaving." We have to reach a final confrontation with the regime,

while addressing ourselves to the Armed Forces as follows: "Gentlemen, you get rid of Pinochet or else we are going to shut the country down indefinitely because we are not putting up with this government anymore."

[Question] You attach great importance to the National Accord. Yet some of its signers seem more interested in having the Christian Democrats take a stand on Marxism than in making this a "decisive" year.

[Answer] Throughout the history of the DC there have been sectors that have criticized it for not taking a stand. The truth of the matter is that we believe that the DC is, in fact, a contradiction to those sectors. They view it as inconsistent, because we tell them that we are for social change, that we want to build a different Chile and to replace capitalism. Yes, we do but through democratic and peaceful means and, above all, by fostering unity among the people. The fact is that they (the National Union, for example) are unwilling to take a stand. They say: "We reject violence." But they are not prepared to say that we have to mobilize peacefully. The truth of the matter is that a National Accord will be real only to the extent that we all implement it. This also has to be understood by the sectors of the Left that are criticizing the peaceful mobilization and emphasizing that it has to be "more radical," which under present conditions in our country would scatter the will of the people instead of unifying it around a viable democratic agenda.

The policy that we young Christian Democrats are trying to pursue is to seek out all of the elements that can come together, which in my judgment are going to be the ones that are going to be able to build a new Chile. The bitter experience of these years has taught us that if we democrats fight among ourselves and split up, the other side remains in control of Chile and her future.

[Question] And do you think that the commander in chief will or will not be leaving during this decisive year?

[Answer] No, he is not going to leave. Just yesterday I was talking with a leftist leader, who told me: "We always scream 'he's going to fall, he's going to fall.' We should now be shouting 'we're going to kick him out, we're going to kick him out.'" Personally I agree strongly with him. The commander in chief is not going to leave. We're going to have to kick him out. Yes, we're going to kick him out with the backing of the entire people, even with the backing of the Armed Forces. We're going to kick him out in a civilized manner, I hope. The day must soon come when we open his car door and tell him: "Take off, sir, leave us. If you wish, we'll lend you Bucalemu or Lo Curro and later we'll see how we administer justice, but the first thing, sir, is for you to leave."

8743

CSO: 3348/433

DOMINICA

GOVERNMENT DENIES ROLE IN FRENCH ISLANDS' DEPORTATIONS

FL151420 Bridgetown CANA in English 1402 GMT 15 Feb 86

[Text] Roseau, Dominica, Feb 15 (CANA)--The Dominica Government today denied allegations that it had any role in the recent deportation of a number of Dominicans from neighbouring French islands and suggested collusion between French officials and opposition groups here.

A government statement said reports from Marie Galante quoted a number of Dominicans as saying that senior officials in the French dependency blamed Prime Minister Eugenia Charles for the decision to expel them. In recent weeks there have been mass expulsions of Dominicans from Guadeloupe and Marie Galante, said the statement.

It quoted Acting Prime Minister Henry George as questioning the motives of the Marie Galante officials concerned and suggested that there is collusion between these officials and Dominican opposition politicians.

Last month Prime Minister Charles held a meeting with the French ambassador to demand what the government termed fair treatment for Dominicans and today's government statement said that as a result of the discussions a number of visas to the French islands had been regularised.

The opposition Dominica Labour Party (DLP) had charged that a number of Dominicans residing in the neighbouring French islands were being herded together like cattle and sent back to Dominica, many without their belongings.

/6091

CSO: 3298/342

DOMINICA

GOVERNMENT UNABLE TO PAY WAGES OF CIVIL SERVANTS

Government Statement

Port-of-Spain TRINIDAD GUARDIAN in English 21 Feb 86 p 5

[Text]

ROSEAU, Feb. 20, Cana — DOMINICA GOVERNMENT said today it regretted that the possible late payment of civil servants' salaries this month had become an issue.

A Government statement, quoting acting Prime Minister Henry George, said it was regrettable...that the information to civil servants on the possible late payment of salaries...should be considered an issue.

The Civil Service Association (CSA) announced earlier that it would hold an executive meeting next week to discuss the development.

An internal memo sent to all heads of Government departments, this week, said a review of the Government's accounts had indicated there was likely to be a financing gap towards the end of the

month, but that every effort was being made to secure the necessary funds to bridge that gap.

The memo said the necessary funds — the amount was not disclosed — might not be forthcoming before monthend.

Government needs in excess of \$3 million to pay salaries and wages to all public workers monthly.

The statement said today that as far back as September, last year, Prime Minister Eugenia Charles had indicated that a situation was developing which might result in late payment of salaries.

It added that this point was emphasised during the recent salary negotiations between the CSA and the Government.

Union Reaction

Port-of-Spain TRINIDAD GUARDIAN in English 21 Feb 86 p 5

[Text]

ROSEAU, Feb. 20, Cana — DOMINICA'S main public workers' union said today it would call an executive meeting, probably next week, to discuss Government's disclosure that cash flow difficulties may prevent civil servants here being paid their salaries on time this month.

Civil Service Association (CSA) acting General Secretary, Alvin Thomas, told reporters: "We intend to have an executive meeting to discuss the issue... (but)... at this point, the month has not yet ended, so we don't have a problem as yet."

An internal memo, sent to all heads of Government departments here, said the Eugenia Charles administration, in a review of its accounts, indicated that there was likely to be a financing gap towards the end of the month, and that...salaries for the month of February may have to be paid after the end of the month.

DOMINICA

BRIEFS

AGRICULTURAL EXPORTS--Roseau, Dominica--Dominica says its agricultural exports have largely escaped many of the problems affecting intra-CARICOM trade. "The problems affecting trade do not affect agriculture as significantly as it affects manufacturing and garments," Trade and Agriculture Minister Charles Maynard said. "The important thing to keep in mind is that significant quantities of our agricultural products have been going to Guadeloupe and Martinique (which are not members of CARICOM)," he added. Sales to Guadeloupe increased by 100 percent since 1976, he said. Maynard said Trinidad and Tobago had indicated a desire to "see more produce from Dominica." The minister said Dominica was looking also at possible joint ventures with some Caribbean countries in agricultural products and said that an initiative had already been received from the government of St. Vincent. (CANA) [Text] [Bridgetown WEEKEND NATION in English 7-8 Feb 86 p 14] /6091

CSO: 3298/342

20 March 1986

## DOMINICAN REPUBLIC

## NONTRADITIONAL AGRICULTURAL EXPORT PROGRAM STARTED

Santo Domingo LISTIN DIARIO in Spanish 20 Jan 86 p 3C

[Article by Manuel Silvestre]

[Text] The Office of Secretary of State of Agriculture announced yesterday that it is implementing a program to promote nontraditional crops, including rubber.

The program is underway in the northeastern region of the country, according to the director of the Regional Office of Agriculture there, Victor Luis Lasose.

The official said that in addition to rubber, annatto and ginger are being promoted.

Lasose explained that rubber "is the most important element in the program of nontraditional crops underway in the northeastern region. He said that some 10,140 fields are involved and that production exceeded 3,600 quintals last year."

The official went on to say that last year, eight rubber plantations and three annatto plantations were set up, with 420,000 and 21,000 plants respectively.

Lasose added that in 1985, "295,000 rubber plants were started in plantations and that there are now 420,000, with 11,300 grafts available."

He noted that a total of 46,460 grafts were made during the year, 40,000 stumps were distributed and a production of rubber amounted to 2,829 quintals of grade 1 and 774 of grade 2, for a total of 3,603 quintals during the year of 1985.

Regarding ginger, Lasose reported that some 3,130 fields had been harvested for a production of 24,100 quintals.

He said that the problem of marketing the ginger still exists, which has limited the expansion of this nontraditional product in the northeastern zone.

Lasose reported that the planting of annatto is still limited to small areas, meaning that commercial production is found in the regional area.

He noted that 36,000 plants were produced last year, of which 26,000 were distributed. An area of 515 fields was planted.

Production of scarcely 320 quintals was achieved last year, but producers were provided with 40,000 50-pound bags of annatto seed in order to promote the planting of the product.

11,464

CSO: 3248/217

DOMINICAN REPUBLIC

CANTALOUPE PRODUCTION UNDER CBI BEGUN

Santo Domingo LISTIN DIARIO in Spanish 9 Jan 86 p 2D

[Article by Miguel Amado Nova]

[Text] Palo Verde, Monte Cristy--The Delmonte-Cristy Agroindustrial Complex, which operates here with an investment of some 30 million pesos, will soon make its first shipment of melons to American markets from the Manzanillo port, according to General Manager Alberty Vasquez.

Vasquez explained that the melons which the company will soon export will be cantaloupes, in great demand in the United States because of their superb flavor.

He noted that based on the planting plan, it is anticipated that when the 22,000 fields are in full production, some 50 boxcars containing 1,008 40-pound crates each will be exported from the Manzanillo pier each week.

Vasquez added that despite the fact that only 8,200 of the 22,000 fields which the company leases from the Dominican Government are in full production, agricultural activities have absorbed the labors of over 320 persons a day.

All the fields acquired by the company were unproductive and were equipped with machinery from the United States such as bulldozers, graders and other equipment such as water pumps to be used in irrigation by sprinkling.

Vasquez reported that Montecristy Agroindustrial is a complex set up for the operation of La Cruz de Manzanillo government farm, which grows vegetables using advanced technology.

Exports of production will go solely to the United States, in accordance with President Ronald Reagan's measure for the Caribbean Basin. With the shipments to be made through the port of Manzanillo, port personnel will be permanently employed.

Vasquez said that along with the development of the farm, an agricultural research program has been initiated with the planting of 85 varieties of different vegetables, such as tomatoes, melons, cucumbers, garlic, eggplant and others, for the purpose of determining species most resistant and having the best production in the area.



The investment of Delmonte-Cristy will amount to some \$10 million, which in national currency totals about 30 million. The money will be spent over a period of 4 years, by the end of which time it is hoped that a labor force of some 5,000 agricultural and technical workers will be employed. The manager of the enterprise explained that the government is part of this agroindustrial development through the contribution of land and infrastructure in the area, along with investors Richard Hutchens of the United States and Sergio Echenique of Chile.

All equipment to process frozen vegetables was purchased by the company in the United States to be incorporated into the agroindustrial complex in the handling and hauling of vegetables.

Finally, Vasquez said that Delmonte-Cristy Agroindustrial has a policy of exporting production, but that it will earmark some for the domestic market.

11,464

CSO: 3248/217

DOMINICAN REPUBLIC

BRIEFS

ELECTRIC COMPANY, UNION AGREEMENT--The Dominican Electric Corporation (CDE) has reached a settlement with company workers, contained in a collective bargaining agreement signed last night. The document was signed in the office of the administrator, Eng Marcelo Jorge Perez, putting an end to nearly 2 months of negotiation and a difficult climate of demonstrations affecting service. The CDE also experienced problems with service yesterday when a breakdown occurred, forcing three plants generating 125,000 kw of power to shut down. All day yesterday, over half of the capital, especially in the southwestern zone, was without power. According to the CDE, the problem, which occurred on a line distributing 60,000 kw of power from the Haina plant, was corrected by 1600 hours. Plants 1, 2 and 4 in Haina had shut down. Concerning the new agreement, one company source said that a satisfactory understanding had been reached between the parties and that it was hoped that attitudes which had created friction among company workers in the past would be overcome. One union source said that a press conference would soon be held to reveal the details of the agreement. [By Jose Romero] [Text] [Santo Domingo LISTIN DIARIO in Spanish 18 Jan 86 pp 1, 11] 11,464

CSO: 3248/217

ECUADOR

## OPPOSITION LEADERS REJECT FEBRES CORDERO'S STATEMENTS

Guayaquil EL UNIVERSO in Spanish 29 Jan 86 p 5

[Text] Quito--Various political sectors commenting on the radio-television speech given by President Leon Febres-Cordero last Monday night cited serious contradictions between words and deeds.

### Government Majority

The critics focused primarily on the president's call for elections in June of this year. The passage of Law 009 means that Ecuadoreans have lost the right to elect minority delegations in sectional governments.

The critical remarks regarding the president of the republic also emphasized his assertion that it is the government opposition that is holding up the reforms in the Civil Registration, Identification and Documentation Act, which prolongs the use of identification cards indefinitely.

Another target of criticism was the president's statement that it is the opposition sectors that want provincial deputies to be able to extend their own terms, when it is actually the pro-government legislators who favor this.

### Deceit

Social Democrat Antonio Rodriguez Vincens stated that President Febres-Cordero's speech "was one more illustration of the cynicism, demagoguery, distortion of the facts, and deliberate deceit of the Ecuadorean people that his administration practices. He was so brazen that he even mentioned the text of one bill and showed the signatures supporting a different bill."

Rodriguez indicated that Febres-Cordero, putting on a show of false indignation, accused the opposition of trying to impose obstacles to prevent provincial deputy elections in June 1986. He tried to pass himself off as the steadfast defender of the electoral process.

Rodriguez noted, however, that the president intentionally failed to remind the Ecuadorean people that in an act that was entirely his own responsibility, he had signed Law 009, thus eliminating council elections.

It is not possible, he added, for the person who played a key role in the elimination of those elections to claim now that he is the defender of Ecuadoreans' right to elect their representatives.

#### Pro-Government Deputies

With regard to the accusation that the opposition has refused to approve the reforms of the Civil Registration, Identification and Documentation Act, which keeps the identification cards in effect indefinitely, the deputy for the Democratic Left asserted that President Febres-Cordero did not tell the Ecuadorean people that since 10 August 1985, the National Congress has been controlled by a pro-government majority. Therefore, he should aim his criticism at his own political allies.

Rodriguez also rejected the notion that the legislative opposition is to blame for the bill to interpret Article 143 of the Political Constitution, contending that it was inspired by Deputy Galo Atiaga Bustillos, an ally of President Febres-Cordero. He also noted that the matter had been taken up by the Constitutional Affairs Committee, which has a pro-government majority.

#### Massive Propaganda

In addition, he indicated that the threat to call a plebiscite is a means of exerting pressure on the National Congress so that it will pass the constitutional reforms proposed by Febres-Cordero. He noted, however, that such a plebiscite cannot be called without Congress taking a stand.

He also stated that the coincidence of the plebiscite and the provincial deputy elections will be used to justify the massive propaganda campaign that the administration will launch against the opposition candidates, to the benefit of pro-government candidates.

#### Victory for Progressives

Jorge Moreno Ordonez, a national deputy for the Popular Democratic Movement, said that the fact that President Febres-Cordero was forced to call provincial deputy elections for next June means that the chief executive "has revealed a new failure on the part of the government."

The president's statement represents a victory for the progressive bloc in Parliament, and for all the movements that have been supporting and demanding elections to elect councilmembers and provincial deputies all at once, he added.

He recalled that it was President Febres-Cordero who signed Law 009, which had been passed by the pro-government majority. This law eliminated the election of minority delegations in sectional governments.

He also pointed out that the deputies who signed the bill for extending their own terms were members of the National Reconstruction Front, the Concentration of Popular Forces (CFP), the Alfarists, and independents.

With regard to the announced plebiscite, he maintained that the president of the republic is now taking a short cut to distort the announcement. He described the plebiscite as a political trap designed to confuse the Ecuadorean people by using the problem of the independents, and to win a purported popular backing for the government's efforts. He predicted, however, that the people will reject that attempt.

8926

CSO: 3348/428

ECUADOR

## ADMINISTRATION ADOPTS NEW ECONOMIC MEASURES

Guayaquil EL UNIVERSO in Spanish 29 Jan 86 p 4

[Text] Quito--The Monetary Board set the price of the U.S. dollar at 110 sucres for the foreign exchange that will be used to pay for all balance of payments transactions.

At the same time, it implemented the new Import Tariff, and set new minimum prices for banana products. Economic officials believe that these decisions are aligned with the government's overall policy, and will enable it to cope with the oil crisis while continuing the reconstruction of the country along the path of steady and balanced development.

### Export Incentives

The new president of the Monetary Board, Alberto Dahik, announced the adoption of the package of measures. In his view, they will provide incentives to the export sector and will rationalize imports, heading off possible crises in the external sector as a result of the current deterioration of the world oil market.

The manager of the Central Bank, Carlos Julio Emanuel, asserted that the Monetary Board has rehabilitated the market that is free of Central Bank intervention by setting the purchase price of the dollar at 108.50 sucres and the sales price at 110 sucres for dollars to be used in balance of payments transactions.

### Only for Balance-Sheet Operations

As a consequence, the official rate of 96.50 sucres to the dollar will be used only for the balance-sheet operations of the Central Bank of Ecuador.

He estimated that the measure will constitute an incentive for the export sector, which should translate into the strengthening of that branch of economic activity.

In addition, Minister of Industries and Trade Xavier Neira announced the implementation of a new import tariff. He stated that this instrument is

compatible with the adjustment in the exchange system and the setting of new floor prices for producers.

He indicated that the new tariff links the duties to the system of exchange rate lists approved by the Monetary Board, and establishes a series of mechanisms designed to promote healthy competition on the market.

#### Floor Prices

To complete the package of economic measures, the Agriculture Ministry established new minimum prices that exporters must pay farmers in order to guarantee better profits to the production sectors.

In this regard, the following floor prices must be paid by exporters to growers of Cavendish bananas and other resistant varieties:

For the 22-XU type, 19.52 kilograms, 215 sucres; for the 115-K type, 15.44 kilograms, 170 sucres; for the Box 208 type, 12.72 kilograms, 147 sucres; and for the 25-27 type, 11.8 kilograms, 140 sucres.

These prices became effective yesterday throughout the country, and are considerably higher than the previous prices for the same types of boxes and weights. Those prices had been 165, 130, 107 and 100 sucres, respectively.

#### New Tariff

A ceiling of 125 percent, including tax surcharges, is imposed in the new Import Tariff that was implemented yesterday.

The instrument maintains the same tariff ranks for 37 percent of the products covered, which comprise a total of 5,067 items.

The importation of 579 items is still prohibited; the ban covers goods considered to be vulnerable to foreign competition. The list includes small-scale industrial items and artisan products such as clothing, wooden furniture, shoes, native crafts, food products and others.

Products for final consumption that are considered luxury items and are not subject to trade registration, and goods that were taken off the list of banned imports, have been classified on List II, with tariffs ranging from 55 to 80 percent.

The nominal tariff for protecting national industry is 98 percent; such products are classified on List 1-B with tariffs ranging from 20 to 90 percent.

Products that are produced nationally but in quantities insufficient to meet domestic demand will be subject to rates from 20 to 50 percent.

Products not manufactured in the country that constitute basic components for the development of productive activity are taxed at a maximum of 25 percent; they are included on List 1-A, with tariffs ranging from 0 to 20 percent.

Some exceptional products have been classified on List 1-A even though they are produced in this country, considering that the importation of such products is a function of national consumption and it would be inappropriate to drive up the prices of these imports.

#### Progressive Tariff Rates

The proposed tariff rates involve progressive levels for the categories of raw materials, semi-finished goods, finished goods, and final consumer items. Capital goods and their parts and components are excluded from these categories.

#### Replacements and Similar Items

For this kind of product, the tariff is set at the same rate in order to keep the so-called scientific contraband to a minimum. For the same purpose, a tariff rate equal to or higher than that imposed on the other items as a whole was approved for other new items.

In connection with the new tariff, about 26 new categories have been created in order to solve problems that affect the economy, as in the case of prawn larvae, lobsters for breeding, radial tires, and other products. These new categories are designed to protect national products on the one hand, and to prevent the prices of imported goods from rising too high if such goods are needed by this country but not produced here.

8926

CSO: 3348/428



ECUADOR

## 24 PERCENT INFLATION EXPECTED IN 1986

Quito EL COMERCIO in Spanish 12 Jan 86 p A-4

[Commentary by Eduardo Larrea S.]

[Text] The bad news at the beginning of the year is that the inflation index rose from 22 percent to over 24 percent. In other words, from November to December the rate climbed from 1.1 percent to a few points over 2 percent.

If the monthly growth of inflation continues at the same pace as in the last month of 1985, the prognosis for 1986 is that inflation will remain at an annual rate of about 24 percent. And if we refer to the base year that is used to calculate the inflationary coefficient for the nation, we see that in more or less 4 years this coefficient will double. Thus, food, beverages, clothing, housing and most or all other expenses will double again by 1990.

This phenomenon will have a tremendous impact; either wages will have to double during that period, or if they do not move, all citizens will have lost at least 50 percent of their buying power.

And this bad news is exacerbated, in our view, by the confusing statement made by the president of the Monetary Board. He believes, if I understand him correctly, that maintaining the current coefficient and rate of inflation represents a kind of victory, a good policy and a good omen, because inflation did not rise any higher.

If this is going to set the pattern for monetary policy in 1986 and the years to come, it amounts to an admission that inflation has defeated us. Moreover, it indicates a failure to grasp the fact that just maintaining that coefficient and monthly rate of inflation would deal a severe blow to citizens on fixed incomes, to workers and peasants, to the majority of the population. The exception would be merchants who could pass on the rising prices of the goods in their inventories; industrialists, who could opt for a similar strategy; and perhaps farmers, if they can pass inflation on to middlemen. In other words, the rich, those who have the means of production under their control, those who can defend themselves, would be the only ones who could cover themselves against the rate of inflation. In fact, they might even be able to speculate on inflation in a logical manner, building up the process

and precipitating an uncontrollable surge in prices and tremendous repercussions on the cost of living in general.

I prefer to take another route. The president of the Monetary Board referred to the past and stated that because inflation did not rise at a faster rate than it had at the end of 1984, it has not undergone any serious changes. He feels that this can be regarded as the fruit of a monetary policy that monitored the pace of inflation and kept it from increasing or worsening in 1985.

If this is the correct interpretation of Dr Raul C. Huerta's remarks, then the coefficient and rate of inflation recorded in the last month can be considered at least acceptable.

But I would venture to guess (I have made no calculations because I do not have the necessary statistics) that the rate went up and so did the coefficient of inflation. I say this because in the last month of the year, even though the price and quantity of food products, fabric for clothing, urban and rural housing, and other elements in the basket used to measure inflation did not rise, thanks to divine mercy, there was an extraordinarily sudden increase in the amount of goods available to meet overall demand for food for Christmas and the New Year; in fabric for the new outfits that many people tend to buy for themselves or others, even if only once a year; and in the gifts, liquors and entertainment that people invariably pay for during the festivities to celebrate the founding of Quito, Christmas, and the New Year. And these items rise by legal mandate, due to the 13th salary and the Christmas bonuses that employers in commerce, industry, stores and services tend to pay, particularly in urban areas, in honor of these holidays.

To be sure, if the objective had been to curb or limit the rates and coefficients of inflation, it would have been necessary to engage in some monetary planning that would not have been very popular. For example, raising the legal reserve requirement by one or two percent, restricting credit, and calculating the amount of these special resources at the end of the year to adjust the money supply or medium of exchange to levels that might be below normal, because  $V$  and  $V'$  (the velocity of resources and deposits) multiply these resources on the market. This is truly a difficult measure to take, because it is unpopular and because there was not even enough time to think it over, given the renegotiation of the debt that was going on in December. Furthermore, there was undoubtedly not enough precise information available to calculate the amount of these resources, which inevitably affect the final demand for goods and services in the last month of the year. In addition to all that, all industrialists, merchants and salesmen try to get the most out of the holidays and sell at the best price, abusing the commercialization of Christmas in our consumer societies.

8926

CSO: 3348/428

GUATEMALA

CONGRESSIONAL MEMBERSHIP ISSUE DIVIDES MLN

Sandoval's Position Rejected

Guatemala City PRENSA LIBRE in Spanish 14 Jan 86 p 8

[Text] Last night in a secret meeting held by the National Executive Committee of the MLN [National Liberation Movement], they decided not to follow leader Mario Sandoval Alarcon's opinions on some aspects of national politics.

The members of the committee revealed at a press conference that the meeting was to have been held at party headquarters at 1500 hours. However, well-armed private individuals kept them from entering so they had to go to 10th Avenida 14-07 Zone 1 that night.

The National Executive Committee of the MLN, with a vote of 7 in favor and 4 absent, authorized the bloc of deputies in National Congress to accept positions on the new congressional executive council. Sandoval Alarcon was opposed to this.

They also agreed that any party leader at the national, departmental, or municipal level could accept positions in the new government but they must remain faithful to their principles.

The following attended the secret meeting: Dr Hector Aragon Quinonez, Rodrigo Valladares, Juan Salguero, Arnoldo Lopez Straub, Edgar Obdulio Chinchilla Vega, engineer Miguel Angel Ponciano, and Dr Ivan Rodriguez. Mario Sandoval Alarcon, architect Raul Midence, Arturo Maldonado de la Cerda, and Francisca viuda de Hernandez did not attend.

Ideology, Participation Consistent

Guatemala City PRENSA LIBRE in Spanish 11 Jan 86 p 4

[Text] Deputy Hector Aragon Quinonez, secretary general of the MLN, said: "Belonging to an executive council does not mean ideological weakness or party treason." He will be elected vice president of the council of the legislative organization.

He gave this response when commenting on the position of the National Center Union deputies who turned down the vice presidency and secretariat by order of the party's leadership cadres.

"It is a political honor to hold a position on the council. We feel that it is possible to work for the national good on an executive council. Being in the opposition does not mean that one is not going to be interested in everything that is worked on. Also the best way to learn about things is to be on the council.

"The MLN will be constructive opposition. This does not mean that it will not actively participate. The interior government committee is the most important in the Congress of the Republic.

"By being on the executive council, it is easier to work for the benefit of the country because even there we will be in the opposition."

7717

CSO: 3248/203

GUATEMALA

CHURCH OFFICIAL ON SOCIAL INJUSTICE, GUERRILLAS, CHURCH ROLE

Guatemala City Pensa Libre(Sunday Supplement) in Spanish 5 Jan 86 pp 4-5

[Interview with Msgr Prospero Penados del Barrio, metropolitan archbishop, by Danilo de Leon]

[Text] [Question] What is your opinion concerning the recent violence?

[Answer] In the recent past, the church has been dealt serious blows by political violence on those occasions when priests and church workers have applied themselves to social issues, the development of the Indian population, the peasants and the neglected poor. This human and Christian effort has been placed in doubt as if it were a communist activity, on the basis of the distorted thinking of some groups which oppose us.

We have been persecuted under false labels. Priests and teachers of the catechism have died and others have disappeared or have had to flee or go into exile. I have witnessed these outrages, sad experiences which instead of weakening us, strengthen us. We have become stronger in spirit so as to espouse the ferocious defense of respect for human rights in this country.

Naturally, we all hope that with the installation of the new government, things will change in Guatemala, although we are aware that all of the changes cannot be effected overnight. In any case, a new climate of change can be sensed in the atmosphere, wherein all of us citizens of Guatemala must dedicate ourselves to the task of seeking peace in a country with more order and respect.

[Question] What is the source of the attacks on the church and the use of the communist label?

[Answer] For obvious reasons, this cannot be specified, although I can assure you that there are groups interested in preventing any change in social conditions in the country. These are the same people who have cornered all of the wealth in the country, while people suffer from hunger. With this system of exploitation, an effort is being made to prevent the majority from awakening and learning to demand the rights to which the people are entitled. They want to keep the people in ignorance and in a situation of slavery. This is the sad reality which exists in Guatemala.

And from this point of view, the church has great difficulty in carrying out its mission, and then come the signals sent us to prevent us from bringing light to the masses who do not see the national reality, so that we can all live under conditions better suited to mankind.

It is no longer a secret to anyone that human rights are being violated here and man is being prevented from being himself in his legitimate aspirations, in his rights to express himself and mobilize. There is also room here to speak of the constant social and cultural discrimination, wherein the majority of the citizens of Guatemala have no access to culture, and many of them are persecuted for thinking differently. In other words, the abuse of power has come to exist. And all that works against worthy human development should be viewed as a violation of human rights.

[Question] Has respect for human rights in this country improved?

[Answer] Human rights are still being violated. People are still disappearing or being kidnapped. I am a witness to the most recent case which occurred last week, when I had to intervene so that a persecuted family could travel to Mexico after one member of the family was seized by the police force and disappeared. With the aid of the Mexican ambassador these people were able to leave. This example is a clear answer to your question, is it not?

When I spoke with these people, they told me that individuals dressed in uniforms similar to those of the army kidnapped a member of the family--a very humble one indeed--in Patzún, and the others were accused of being subversive. This was why they came to me in search of protection for their lives.

This is a situation which must be ended. It is not possible that a whole family can be forced to leave the country in some cases by a false accusation, after suffering serious outrages.

[Question] What is your opinion about the governments which have resulted from coups d'etat?

[Answer] It is logical that they would not enjoy popularity, because they are the product of violence, wherein therefore the constitutional order has been violated. In addition, as is logical, they do not represent the popular sectors but only the groups which, due to certain interests, sponsored this violent change. There are people who justify coups d'etat.

[Question] How would you comment on the present government?

[Answer] It is difficult to answer this question. We must remember that the chief of state only represents the desires of the commanders who in reality are those who have the real power. In other words, I believe that the chief of state has only undertaken to manage public affairs on behalf of the army. And he must have consulted with the commanders on all his actions and decisions.

[Question] Are you a friend of the chief of state?

[Answer] The truth is that this is not exclusively a state matter, but rather a responsibility which falls to all of the citizens of Guatemala. Coups d'etat, for example, are a thing of the past, and support of democracy has been demonstrated at the polls. I am an optimist, and all of the conditions which have developed allow me to predict many years of true democracy for the country.

Obviously, it is always said that interest groups are constantly knocking at the doors of the army officers urging them to bring about violent change. But in any case, I cannot imagine a single sensible person who wants to see this country plunged into a civil war.

[Question] How do you view the Guatemalan policy of neutrality in Central American conflicts?

[Answer] It seems to me positive. We should not forget that each country in the country is sovereign and independent, and the responsibility for what happens on its territory falls to each government.

[Question] Peace--how can it be won?

[Answer] This is a challenge for each citizen. The winning of peace must be begun in each home, with family unity, and then the belief in justice and social strengthening must be consolidated and spread to all national sectors. Without these elements, it will not be possible to achieve the much-desired peace.

[Question] What are the main problems of the church in Central America?

[Answer] In the atmosphere of conflict which the region is experiencing, the main problem is how to ensure that the church can carry out its evangelizing mission of love, justice and peace. I believe that we have gradually carried to every corner the message of total respect for our fellow men, within a stubborn, serious and all-encompassing struggle, because the basic rights of men are respected.

[Question] You urge social justice. What is the real meaning of this concept?

[Answer] Social justice goes hand in hand with the rights of man and is practiced in society in harmonious coexistence, wherein all tolerate each other and accept each other as they are, without imposing criteria by force and without eliminating the freedom which prevents the social advancement to which we all have a right.

The social justice to which I refer is that which does not allow the exploitation of the least capable by others, who enrich themselves through their labor. In other words, exploitation is not tolerated in any of its forms.

[Question] How would you comment on the guerrilla war?

[Answer] We maintain normal relations, those which should exist between a chief of state and the archbishop. General Mejia is a Catholic and, on occasion, we have dined together.

[Question] What is your opinion of the most recent report from Remigia, where a monument to the chief of state is being proposed because of his contribution to the electoral schedule?

[Answer] I do not support the idea of paying homage to people who do their duty with monuments. Moreover, I believe that General Mejia himself would say "No thank you" if someone proposed this to him. There are other ways of recognizing the work done in the process of the return to democracy. This business of monuments for doing something one was obliged to do does not seem right to me. It would be silly to build a monument to me because I behave properly.

But if it is a question of building a monument one should be dedicated to each individual who has contributed something to the process of democratization--the eight presidential candidates, the candidates for mayors' seats, the Supreme Electoral Court. Imagine where we would end up! We would become a country of 1,000 monuments dedicated to those who made it possible to find democracy again.

Perhaps this is the place to mention that the elections this time were free because of the pressure exerted by the press and the international community. This must not be forgotten. Guatemala has played its last card on the game board of the nations. We all knew this perfectly well.

[Question] Will the transfer of power proceed normally?

[Answer] A retired military officer, who is now a political commentator, told me that there will always be the possibility of problem situations, since the army has been in power for 15 years and has been involved in many branches of the public administration, and the military will not surrender its control so easily.

Of course I do not agree with this line of thinking. I believe that the military will not only surrender power, but that they will also return to their barracks to carry out the mission which is theirs and which is assigned to them by the constitution of the republic and its specific laws. It is a certainty that they will devote themselves to guaranteeing national security and public order, because they have become persuaded that armies do not have the capacity to govern.

Moreover, politically, it does not suit the new government to have a military officer in a public post other than as minister of defense, for logical reasons. It would be a great disillusionment if officials in the present government were to be assigned important posts in the Christian democratic government. None of this can occur. The people of Guatemala need a new state image, a cabinet of special quality and great capability.

[Question] How can democracy be consolidated?



[Answer] I do not justify it. However, in a country such as ours, where the social injustice of which we have spoken stands out, there is an explanation for this phenomenon. And until the social problems are corrected, I view the dismantling of these groups as difficult. This is another matter which I also hope the Christian democratic government will be able to confront and resolve. If it succeeds, it will have taken one of the firmest steps toward achieving peace and prosperity in the country.

[Question] Tell me, were the statements made by Father Pellecer Faena during the last days of the General Lucas government, when he talked to the press and on television, correct?

[Answer] I am glad that you have reminded me of this incident in history. I am sure that many people are still wondering how much of those statements was true.

To begin with, I will tell you that after the coup d'etat which put him in power, Rios Montt said the following, on one occasion: "Monsignor, Father Pellecer is a hot coal for my government to handle. Do you want this?"

Now we know that the army still has him under its protection, although naturally we do not know where or under what circumstances, except that we believe that he is in this country. Some people have told me that he is continuing as an adviser to the army, but he is never seen in public.

When he was presented in public by the government of General Lucas Garcia, I can tell you without the slightest doubt that he had already been brainwashed. I am as sure of this as I am that two plus two make four. I do not know Father Pellecer personally, but individuals who were close to him believe that he was the same physically, but had changed completely psychologically.

I recall that on one occasion a representative of the Jesuits came from Rome to speak with him, and the government would not allow a private meeting. He always appeared with witnesses present. Perhaps they thought that if they left him alone he might confess what they had done to him. They made him into a puppet, robbed him of his will, under God knows what pressures. It is my hope that one day he will appear alive and with all his senses intact so that he can relate what happened to him.

[Question] Since we are speaking of priests and politics, what is the status of Father Chemita?

[Answer] By his attitude, he has excluded himself from the laws of the church. He came to speak with me of his ardent desire to be mayor, and we warned him of the impossibility of his situation. During my trip to Rome, where I participated in the synod sponsored by His Holiness John Paul II, I sent Chemita a letter in which I told him I feared for him greatly, and I urged him to return to the fulfillment of his priestly mission in the church. A number of days have passed and my only answer has been silence. He is a sheep in the Lord's flock, and I would be happy to see him return.

[Question] Is it true that your friends speak of your resemblance to Anthony Quinn?

[Answer] As the Mexicans say, this was one more dig on the part of the political section in Guatemala, and many of my friends still annoy me with this. But when you interviewed me on a previous occasion, another friend called me at 6 in the morning to tell me that Rossano Brazzi appeared on the cover of DOMINGO. Guatemalans are like that.

5157

CSO: 3248/201

GUATEMALA

#### INACOP ASKS FOR GOVERNMENT NON-INTERVENTION

Guatemala City PRENSA LIBRE in Spanish 7 Jan 86 p 4

[Text] The leadership of the cooperative movement yesterday formally asked president-elect Vinicio Cerezo Arevalo for non-intervention in INACOP [National Institute of Cooperatives] and declaration of its complete autonomy and absolute safety for the cooperative leadership of the country. It has been the target of repression, threats, and murder for many years.

The document containing three points was presented to Vinicio Cerezo Arevalo yesterday by the president of CONFECOOP [Guatemalan Confederation of Cooperatives], Oscar Vinicio Villa Anleu. The president-elect and most of the members of his cabinet accepted the invitation from the top leaders of organized cooperatives in the country.

The first point concerned the institutionalization of the cooperative sector. It requested the end of intervention in INACOP and declaration of its complete autonomy, turning its leadership and administration over to the cooperative movement as well as representation of the cooperative sector in pertinent state and autonomous institutions.

The second point concerned the creation of appropriate conditions for the free development of Guatemalan cooperatives. The movement requested: safety in the exercise of cooperative leadership; adequate supervision of the economic activities of the cooperatives in order to watch over the operations of the enterprise; prevention of unnecessary competition by state services with services that are already being offered by the groups organized in cooperatives; creation of appropriate financial policies and mechanisms for the growth and development of cooperatives; respect for and promotion of the organizations for vertical and horizontal integration of Guatemalan cooperatives; permission for Guatemalan cooperatives to participate in economic activities and public services capable of being made private through cooperatives; and strengthening of the programs of formal and informal education, giving priority to the practice and philosophy of cooperation through the movement.

Finally, the third point offers the new government: more than 800 popular organizations that have served 1 million inhabitants during this decade, providing them goods and services in the sectors of production, distribution,

and consumption, on time and without cost to the state; a generation of leadership with a new concept of associative production enterprises with free access for the isolated sectors that want to be incorporated in the economic activity of the country; a network of organizations to distribute strategic components for development; and a socioeconomic infrastructure throughout the country, generating capital and labor.

The three proposals in the document called "global policies of agreement" were explained to president-elect Cerezo Arevalo and his companions by Oscar Vinicio Villa Anleu, Rocacl Garcia, and Rolando Baquix. They pointed out many things to reinforce their requests.

Rocacl Garcia asked, in the name of the movement, that the new government finally end the tragedy affecting the cooperative leaders so that there is safety in the exercise of leadership. This will keep the leadership of the movement from constantly having to go to police stations searching for missing people.

Responding to the cooperative leaders, Vinicio Cerezo Arevalo revealed that he was very impressed by that meeting because his program of agreement was being put into practice. He added that everything that had been requested would be analyzed and decided on. The majority of the document--which he said was very well written--would be possible because it agreed with the aim of the new government.

He called the cooperative movement the best instrument of development and offered absolute safety to the leaders of the cooperative organization and other popular sectors. "We could never do what they did to us. Be assured that my government will respect the right to life. However, we all have to work together because there are hidden forces that are opposed to a real democracy."

The new constitutional president concluded: "Don't believe that, by reaching power, everything is going to change automatically and miraculously. The task is difficult but we will achieve it with the participation of the Guatemalans. There will be open communication with all sectors and we will energetically oppose the secret groups that have already announced their operation in the country."

7717

CSO: 3248/195

GUATEMALA

UNION CONGRESS DEBATES ROLE UNDER NEW GOVERNMENT

Strategy Planned

Guatemala City PRENSA LIBRE in Spanish 4 Jan 86 p 9

[Text] "For the workers, democracy along with social justice is something simple enough to satisfy our primary needs and to provide the freedom so that we can organize. However, basically this organization should not exist at the expense of our lives. In other words democracy must give us, on a priority basis, personal safety and the opportunity to participate in the major decisions affecting the people."

The above is part of the text of a speech delivered by the secretary general of the United Confederation of Guatemalan Trade Unions (CUFG), Juan Francisco Alfar Mijangos, to inaugurate the National Trade Union Congress. This gathering will analyze the national situation in order to define the policy the workers will adopt toward the new government.

Representatives of approximately 100 trade unions in the country are participating in the congress and they will set forth problems from which their respective communities are suffering, as well as possible solutions. Their conclusions and recommendation will be submitted to the president elect, Vinicio Cerezo, next week, for implementation in practice.

Alfare Mijangos spoke of the need to train leading cadres properly, "to train them in practice and in education, linking theory and experience so that they will not make errors which do us harm." He said that the trade union movement in Guatemala must develop in quantity and quality.

Prior to the inauguration of the congress, leaders Florencia Castaneda de gomez and Jose Milagro Hernandez, representing women union members and the farm sector, respectively, spoke of the importance of the role they plan in the national labor union movement.

Castaneda de Gomez said that statistics show that women outnumber men, and "yet" she said "they have always been excluded from the political and trade union of the life of the country, but an effort is being made to involve them in national decisions."

Hernandez, for his part, spoke about the farm union movement since its origins, emphasizing the fact that despite the pressures upon it throughout its history, it has remained united in order to participate actively in the new constitutional life in Guatemala.

An inaugural blessing was given the premises used as the headquarters for the congress by Efrain Hernandez, chancellor of the Catholic Church, representing the metropolitan archbishop, Msgr Prospero Penados del Barrio.

#### Legislative Salary Proposal

Guatemala City PRENSA LIBRE in Spanish 11 Jan 86 p 6

[Text] The national trade union movement has proposed that the deputies to the next legislative congress earn 100 quetales per day for each session they attend, according to the conclusions approved by the National Trade Union Congress.

The conclusions were divided into two parts and will be submitted to the president elect, Vinicio Cerezo, for analysis and consideration of the desirability of implementing them during his administration.

Concerning the salary of deputies, it was suggested that they should not be paid a fixed sum so as to avoid the abuse of nonattendance, and also that secret payments be eliminated.

The conclusions noted the desirability of reforming administrative management in the executive branch, such as to make it more efficient and to incorporate the most honest and capable Guatemalans, without regard to their affiliation or party preference.

The conclusions urge a reform of the judicial branch, the promulgation of more practical laws and the selection of judges from among the most honest professionals. In this connection, legislation should be passed to ensure that labor trials do not last more than 30 days. A trade union law should be promulgated to avoid efforts by the labor authorities or political parties to manipulate the members of the movement, and so that the trade unions will be headed by the workers. Recommendations also included a general wage increase, so that the workers can regain their purchasing power, along with effective price reduction systems.

Other recommendations include guarantees of an atmosphere of peace for the citizenry, an effort to locate all of the individuals who have disappeared and are still alive, immediate seizure of the weapons and dismantling of the death squads, revaluation of the currency, a complete review of all minimum wages and the efficiency of the IGSS [Guatemalan Social Security Institute], the Workers' Bank and the BANDESA [National Development Bank].

5157  
CSO: 3248/201

GUATEMALA

NEW IMPORT TARIFFS CAUSE UPSET IN PRIVATE SECTOR

Importers, Consumers Pay

Guatemala City PRENSA LIBRE in Spanish 10 Jan 86 p 45

[Text] Manufacturers operating in this country and natural or juridical persons importing goods subject to the selective consumer tax will have to pay that tax as of the 9th of this month, when the law set forth and included in Decree Law 3-86 went into effect, with its publication in the DIARIO OFICIAL.

This tax will be applied to the first phase of the process of producing or marketing the goods destined for domestic consumption and included on a list which the executive branch will approve by means of a government decree.

The base on which the tax will be applied to domestic production is the value of the sales for consumption calculated at the factory sale price of the goods the taxpayer manufactures.

For imports, the amount of the customs duties paid in fact by the importer and shown on the customs authorization will be added to the CIF value.

According to the law, the executive will have to draft and approve the list of goods to which this law applies, as well as classifying goods, amending the list by means of additions or exclusions and amending the tax rates. The lists have not yet been published.

Tax Rates

The rates for the selective tax on consumption range up to 15 percent for the goods included in Category A on the list. They range up to 45 percent for the goods in Category B, and up to 100 percent on goods included in Category C.

Payment of the tax must be affected within the first 20 days after the calendar month involved.

Submission of the sworn statement after the prescribed period will be penalized by a fine of 50 quetzales. Late submission of the list of factory prices will be subject to a fine of 500 quetzales.

Late payment of the tax will make the taxpayer liable, without need for any notification, to the interest due for each day of delay. This will be

20 March 1986

calculated on the basis of the maximum annual tax established by the Monetary Council for the banks in the system, increased by 4 percentage points.

Interest must be paid at the same time as the overdue tax.

The executive branch, through the Ministry of Finance, will have to promulgate the supplementary regulatory norms for the correct application of this law.

#### Chamber of Commerce Opposition

Guatemala City PRENSA LIBRE in Spanish 4 Jan 86 pp 7, 30

[Text] The Chamber of Commerce of Guatemala has urged that the so-called Rule of 3, included in the customs tax, be repealed, believing it to be harmful and prejudicial to the consumer economy.

The head of this institution, Jonas Vasquez Alvarado, said yesterday afternoon that it is typical of the current government to take steps without consulting the factors affected and involved, in the implementation of a law which will prevent the import of 80 percent of the products coming from third countries.

He expressed the view that in order to increase tax income, customs duties will be almost tripled for finished products or raw materials which are imported, because the conversion of the value of the goods in customs to quetzales will be based on the rate of exchange established by the Bank of Guatemala, known as the application of the Rule of 3.

Vasquez Alvarado said that the application of this rule is equivalent to a devaluation, because in collecting import taxes on the basis of the quetzal amount invested in the purchase of dollars, the parity of our currency with the dollar ceases to exist officially, since the value to be assigned to the goods will be multiplied on the basis of the value of the dollar purchase, in order to be able to cover the taxes.

This direct increase for imported goods and raw materials will without a doubt lead to a greater increase in the prices of all articles, which will be passed on to the consumer. This will create greater problems for the Ministry of Economy, since price controls cannot force one to sell goods for less than was paid for them.

He said that if by misfortune the quetzal should lose value further as compared to the dollar, the value of customs duties will automatically continue to rise, "and therefore if the government tries to increase tax income, what it does is to reduce imports which will not generate taxes.

"Instead of reducing public expenditures, more taxes are being created to maintain the bureaucracy, thus sacrificing the people of Guatemala even beyond what they are already suffering."

The Central American customs and tariff systems which went into effect on the first of this month has led to an intensive controversy, both in the executive



branch and in the National Constituent Assembly and the private sector, in this case business circles. These opinions have been set forth as follows.

"There will be increases for various imported articles with the new Central American tariff and customs systems (ARAUCA)," the acting president of the National Constituent Assembly, Deputy Ramiro de Leon Carpio explained.

"Its application, as described in the text published, will definitely affect the import of various products, on which the prices will logically increase, as if it were a question of new taxes.

"Regrettably, this increase will be harmful to the people.

"If it has this effect, it will deal a harsh blow to the people who are facing an economic crisis such as has never been seen before.

"In this connection, the most damaging thing to the new government regime is the fact that the people expect much more than can be done.

"The price increase will deal a harsh blow to the people, who will not obtain what they expect of the new government, since their economic situation will suffer a blow.

"This will be very serious for the new Christian democratic regime, since the people see that it will be a leftist government and expect solutions of another kind, not the imposition of new taxes.

"The application of the ARAUCA is the result of an adjustment in the economic integration process, to regain a "modus operandi" for the common market. But this adjustment does more serious harm to Guatemala, because of the consumption of the various products which will suffer, because of the existence of the parallel market. It is a question of products which are being imported."

#### Views of Rivera Irias

"No new taxes have been created. All that has been done is to correct an abnormality," Ariel Rivera Irias, minister of finance, stated yesterday on the subject of the effects of the new customs and tariff system.

This official explained that the real value of the goods will now be utilized, which has not previously been the case. In other words, the dollar value will now be converted into the quetzal value, while previously a one-to-one ratio was used for prices and values.

He said that this instrument contains three very important parts. They are: a) a comparable common tariff rate for the Central American countries; b) an advance toward a comparable regional rate, excluding Nicaragua, which is not yet a participant; and c) a customs rate for products drafted by each government, seeking industrial protection in Central America, among other goals.

"In addition, the application of the new customs system will mean an increase in fiscal income, while will allow the new government to reduce the new budget deficit for this year."

He added that these countries are only carrying out a promise made, with the approval of the new customs and tariff system, with the exception of Honduras. Concerning the changes made, Rivera Irias said that the customs rate will now have a base, the real quetzal value.

"Guatemala is one of the countries farthest behind in terms of a tax system, and with the entry of the customs system into effect, this sector will benefit, because our rate is rather lower than that of other countries."

#### Deputy Oliverio Garcia

The greatest problem in applying the ARAUCA involves abandoning the application of the tax on the basis of the new foreign exchange rate, according to Deputy Oliverio Garcia, a member of the National Constituent Assembly and of the next congress of the republic.

"Where U.S. dollars are concerned, in addition to the official one-to-one exchange rate, another unit will be added to the foreign exchange rate determined by the Bank of Guatemala. In other words, it will be one to one, plus the exchange rate in effect, which was 2.35-to-one.

"One of the tasks of the next legislative congress will be to review all of this type of taxes.

"The new ARAUCA rate will lead to a general rise in product prices. It is logical that a measure of this sort will increase exports and at a certain time will also affect the family market basket.

"These will not be direct taxes, but the raw materials obtained by Guatemala from abroad will increase, including for example insecticides, fertilizers, etc. This will increase production costs and prices will take off.

"Although the authorities say that this is a Central American agreement which must be respected, it should be realized that the first thing is respect for the people, ensuring that they do not suffer, and that new taxes are not created.

"If the Christian democratic government which will take office on the 14th of this month wants tax reform, it should adapt to the reality in Guatemala, so that the people who consume the most and have the greatest capacity will pay more."

#### Views of Enrique Rittscher

The "equicratic" sector has termed the tripling of import taxes through the increase in customs duties put into effect by the outgoing government on 1 January a "betrayal."

"This new tax raises the already high cost of living for the citizens of Guatemala catastrophically," marketing theorist Enrique Rittscher, the leader of the "equicrats," has said. This is because, he added, "it affects not only imports of capital goods and innumerable agricultural and industrial supplies, but also the prices of almost everything will begin to spiral upward."

"This is a betrayal of our people," Rittscher said, "because both General Mejia and Mr Cerezo, the outgoing and incoming heads of government, have repeatedly and quite recently promised that, for the time being, there would be no more taxes, much less any without prior consultation or "agreement," as the winning candidate proposed during his electoral campaign."

"The people are being betrayed with so much public expenditure, beautiful constitutions and very expensive officials and deputies and elections and electoral authorities, ceremonies and transfers of power, bureaucratic increases, etc., etc.--this is not how one feeds a people," Rittscher said, "because this is not governing equitably, or equicratically, to the benefit of the people, as should be done." He expressed regret that the sectorial leaders have not only lacked unity, been fearful and short-sighted, but that some have even formed common cause with what does harm to the population."

#### Danger of Recession

Guatemala City PRENSA LIBRE in Spanish 6 Jan 86 p 3

[Text] "The new taxes which went into effect with the new Central American tariff and customs regime, in accordance with Decree Law No 147-85, will have a recessive effect on the national economy and will make the people of Guatemala poorer," Juan Carlos Simons, the deputy elect sponsored by the MLN said yesterday.

"It seems that the next government has already accepted the taxes, which will lower the standard of living of the people of Guatemala," he added.

"When the Christian democratic candidate who is now the president-elect assured us in his speeches that there would be no tax increase, he was thinking as a candidate and not as a citizen of Guatemala concerned about the welfare of all, since it seems that agreement was reached with the present de facto military regime on the new taxes," he added.

"The effect will be to make not only automobiles more expensive, for example, but also all imported goods and raw materials, including supplies for agriculture. This will lead to greater unemployment and higher prices."

"The policy of the next government will apparently be the same as that of the preceding regimes, keeping the country in poverty," Deputy Simons said in conclusion.

### Agriculture Unaffected

Guatemala City PRENSA LIBRE in Spanish 7 Jan 86 p 2

[Text] "The new Central American tariff system will not affect agriculture substantially, especially when it is a question of importing machinery for this branch, which is basic to the country's economy," Engineer Humberto Mancur Donis, minister of agriculture, livestock and food said yesterday.

In this connection, he added that where Guatemala is concerned, norms and laws are in effect which establish specific treatment for the most important sectors of production, as is the case with the agricultural development law.

In all of this we see how nontraditional products have gained acceptance on the international market, but the traditional product, such as coffee, which currently sells at a good price, have also benefitted.

The country's farm production will be benefitted with the production of adequate quantities of broccoli, Brussels sprouts, snow peas and fruits such as mangoes, which are very popular in the United States, Europe and China. Therefore, incentives must be provided to producers through the agricultural development law, such as to avoid duties on the machinery imported from abroad.

### Campaign Promises Forgotten

Guatemala City PRENSA LIBRE in Spanish 3 Jan 86 pp 11, 39

[Article by Hugo Contreras Valladares: "The New Taxes Versus the Honesty of Vinicio and Mejia Victores"]

[Text] Despite the insistence of friends whose businesses would be seriously affected by an untimely and sudden increase in import taxes to the effect that such taxes would be implemented before Vinicio took office, your servant ignored these "speculations," since on the one hand General Mejia Victores had officially and repeatedly announced that there would not be "more" taxes prior to the inauguration of the new government, and on the other, Vinicio made public and categorical statements to the effect that his government would not impose new taxes until a detailed review of existing taxes and the possible repercussions changes might have on the already suffering Guatemala consumer had been made. Moreover, he emphasized that the only thing desired was to impose direct taxes which would not be transferred secondarily to the people, but would affect only those who because of the volume of their earnings would be in a position to absorb them.

In view of the above, although the official and unofficial statements of Mejia Victores have never had the greatest credibility with me, I found it hard to believe that, as was being said in the streets, Vinicio had asked Mejia Victores to promulgate a number of decree laws, including one drastically altering import duties, in order to avoid the embarrassment of beginning his administration with the promulgation of laws with nefarious effects on the public.

It is absurd to think that even after almost 20 years of subjection to arbitrary, irrational and tremendously prejudicial laws and provisions, a president constitutionally elected by the people, and in addition enjoying the full support of the congress of the republic, would ask an acting government official to impose taxes which were unanimously rejected months earlier by the people of Guatemala because the tremendous repercussions they would have on the price paid by the consumer for all of those articles, whether of first necessity or not, subject to one extent or another to import taxes.

Personally, I continue to doubt that Vinicio had anything to do with the hasty measure of tripling import tax in totally indiscriminate fashion, affecting raw materials, agricultural supplies, capital goods and luxury articles equally. Where the latter are concerned, we totally agree that, on the basis of a proper classification, they could be taxed as much as one might wish, since this would affect only a small part of the population which is presumably in a position to cover the increase, and if not, they would only be deprived of a luxury and not of anything which might be regarded as a necessity. Now then, in the case of those items necessary for the proper pursuit of economic activity, I believe that one would have to be truly ignorant or full of evil intentions to fail to realize or to accept that excess taxes will have to be transferred directly and immediately to the final consumer, with the inevitable multiplying effect resulting from the safety margin applied to the final price.

I hear the minister of economy say that the new tariffs are not a unilateral provision, but arise out of a Central American agreement which Guatemala is committed to observing. Fortunately Mejia Victores did not state officially that during his government no "new taxes" would be imposed, but rather said, literally, that until his administration ended there would be no "more" taxes. Vinicio's statements left no room for doubt that there might not be any immediate change in the taxes, and that in any case, any tax amendment would not affect the socioeconomic strata with the most limited resources. Given the above facts, to believe that Vinicio asked Mejia Victores once again to act in violation of what he and his ministers officially and publicly proposed, and in violation of what Vinicio himself had stated publicly, is to weave a whole web of doubt about the honesty of Vinicio even before he has taken office. This is not fair, since Mejia Victores could very well have acted on his own initiative, without giving a fig about the official statements made earlier, an attitude typical of the present government.

By way of information, I should make it clear that the new customs tariff which Mejia Victores put into effect by decree had been under study since last year, and was to go into effect in the month of August 1985. However, for lack of agreement among the signatory nations, it did not go into effect until 1 January of this year. There has never been opposition to the new customs duties. On the contrary, the Chamber of Commerce participated in the discussions of the proposal, in the capacity of an observer, and provided its members with a broad and detailed report of the implications of the new duties. Basically, they were as follows: the new duties, although in some categories they will have a minimal effect on the volume of taxes, represent a better tool for the calculation and payment of import taxes, and therefore will make the work of importers and customs agents easier and more flexible.

I regarded this information as essential, since there has been an effort, in very bad faith, to link the new Central American tariff system with the plan to calculate taxes on the CIF (cost, insurance and freight) value expressed in quetzales, in accordance with the weekly value established by the pertinent department of the Bank of Guatemala for the dollar. This will mean that the tax which would have to be paid in accordance with the new duties will be multiplied by a value arbitrarily established by the government every week. We say bad faith, since in no way are the fiscal authorities in Guatemala obliged to apply the parallel rate to keep the promise they made on signing the new Central American tariff agreement, and if they do so, it will be on an entirely optional basis. They would thus be applying taxes in Guatemala which do not exist in the other countries in the area, where the currencies have been subjected to official devaluation, as have all the factors going to establish the cost and the sale price of the items, and therefore, the income of the consumers.

The application of the parallel principle to imports in indiscriminate fashion will have direct repercussions on the consumer with limited resources, those earning wages which have not been adjusted on the basis of any parallel rate, and it will affect the competitive capacity of agriculture and industry on an international level to an even greater extent, and in general terms, will lead to a shrinkage in economic activity.

I know that Vinicio and his advisers know of many ways of obtaining forms less harmful than this one and more consistent with their public statements. For this reason I do not believe the rumors to the effect that he was directly involved in this new abusive power and demonstration of ignorance and thoughtlessness, both political and economic. For this reason we hope that one of his first acts in government will be to do away with the application of the parallel principle to imports, and that he will take the trouble to use his good judgment and replace this measure with a suitable selective tax on consumption, or something else with a similar effect which would not affect essential goods and thus the neediest sectors in the country.

If, on the contrary, Vinico and his congress were to support the last-minute provisions put into effect by Mejia Victores, we would feel fully entitled to doubt his honesty and good intentions, as well as those of his party.

5157

CSO: 3248/202

GUATEMALA

AGRICULTURE MINISTER ON REDUCTION IN COFFEE, COTTON PRODUCTION.

Guatemala City PRENSA LIBRE in Spanish 7 Jan 86 p 14

[Text] Engineer Juan Humberto Mancur Donis, minister of agriculture, livestock, and food, announced yesterday: "Coffee production went down about 10 percent last year, approximately 300,000 quintals compared to 1984."

He indicated that cotton production also suffered serious reverses because of the rains and the drop in prices. That caused the cotton growers to go into debt and some of them "will lose their farms."

Mancur said that coffee production went up to 3.5 million quintals in 1984. However, because of some problems with the plants themselves, production went down almost 300,000 quintals in 1985--that is, 10 percent of the 1984 total.

The minister emphasized: "However, production can be considered encouraging since foreign prices for this crop have risen. That will permit the coffee growers to obtain good profits and bring in the foreign currency that we need so much."

Critical Situation of Cotton Growers

As to cotton production, the minister of agriculture indicated: "It suffered a considerable decline not only in production, but also in prices. They crashed on the international market.

"Although licenses were issued to plant more than 90,000 manzanas, these estimated goals could not be achieved since the rains caused serious damage to these fields."

Minister Mancur emphasized: "The case of the cotton growers can be considered critical since the ones who already owed the banks for previous crops sought refinancing thinking that they were going to have better luck in 1985.

"That increased their debts and they will not even be able to recover their expenses for the reasons cited above." Engineer Mancur added: "Some of the owners will lose their farms because of those debts."

7717

CSO: 3248/195

GUATEMALA

BRIEFS

CACIF CALLS FOR REVIEW--CACIF [Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations] yesterday asked the new government for flexibility in the list of maximum prices. It also requested adoption of a program of global stabilization to keep enterprises from closing and promote production while recognizing the value of our currency. In a communique, CACIF indicated that the high fiscal deficit announced and the implementation of the new Central American Tariff and the application of import tariffs in quetzals will increase the general price level. Isolated measures that will revitalize the national economy are not being adopted. The only result has been a bigger recession that impedes revitalization and stabilization of the current economic situation which is bad enough. It indicated that flexibility in the list of maximum prices is imperative. Otherwise, many enterprises will have to stop operations, worsening the already alarming unemployment and shortages which will make prices rise. Finally, it asked for the adoption of a program of global stabilization that promotes production and recognizes the value of our currency, not only in imports but also in exports. [Text] [Guatemala City PRENSA LIBRE in Spanish 7 Jan 86 p 4] 7717

CSO: 3248/195



HONDURAS

AZCONA'S POLICIES TOWARD U.S. ROLE CRITICIZED

Tegucigalpa LA TRIBUNA in Spanish 14 Jan 86 p 5

[Editorial report by Anibal Delgado Fiallos]

[Text] He did not say it during the campaign because he knew it was unpopular and whenever he was asked about it, he ducked the question. Callejas and Mejia Arellano were more sincere. But now that he no longer needs the people's votes and has gained the blessing of the empire, he says it clearly. This is the hard-hearted cunning of the shameless politicians: What is said during the heat of the campaign is gone with the wind. Too bad for the gullible who believe it. What is important now is the commitments made with international powers, often in the postelection phase and the penumbra of shame, because one has more faith in them, due to the fear of their interventionist machinery, than in the strength of the Honduran masses who carried the candidates to positions of national leadership.

It is not a matter of our defending the government of a neighboring country, but of basic principles of harmonious coexistence. The government's neutrality, respect for the self-determination of peoples and a policy of peace and friendship in Central America are principles that any serious and intelligent leader must support for the country's own well-being. To abandon them in order to adapt subservient positions is to continue to navigate amidst the most detestable lack of dignity.

In repeating what Reagan, Suazo Cordova and Paz Barnica say about the government of Nicaragua and in giving poorly concealed sympathy to Somoza's followers who insulted the national sovereignty, Azcona del Hoyo has disappointed many sensible Hondurans because he revealed something that is troublesome: He will follow the policy of compromise and subservience observed by his colleague Suazo Cordova in the international sphere, one that plunged Honduras into the most profound lack of prestige in the world.

Seeing the mote in others' eyes while failing to perceive the clod in our own is an unfortunate habit. When local politicians judge the Sandinist regime for having suspended the Catholic broadcasting station or for censoring the press while forgetting the political, military and economic aggression to which it is subjected fail to consider questions over which we Hondurans feel truly

pained and alarmed: the over 140 missing politicians and their anguished mothers, sisters, wives and children; the political assassinations, the abusive intervention of the government in trade union and labor organizations, the persecution and torture of the clergy, the imprisonment and persecution of peasants and finally, the pro-American economic policy that condemns over 600,000 children and over 2 million Hondurans to hunger and poverty.

Or, just as "hero" James Bond was authorized to kill, do regimes enjoying Washington's blessing have authorization to commit these crimes against mankind without anyone, neither politicians nor newsmen, daring to say anything, under penalty of being accused of being part of the Bolshevik inferno?

Friendship with the American people must be strengthened, as must relations with their government, but there is something which men will never tolerate: that in the name of that friendship, they should treat us like lackeys or try to impose decisions which, however much they repeat ad nauseum, will never help democracy and freedom to flourish. If Azcona starts down the path of that heavy-handed unconditionality characterizing the government of Dr Suazo Cordova, then he is initiating a fatal descent that in 4 years will lead him to be one more national frustration.

To become involved in the aggressive, war-mongering plans of Mr Reagan is bad business for someone aspiring to be a good president.

11,464

CSO: 3248/227

HONDURAS

AZCONA SWEARS IN NEW CABINET MINISTERS

Tegucigalpa LA TRIBUNA in Spanish 28 Jan 86 pp 8-9

[Text] Celeo Arias: Open-Door Policy

An open-door policy for all sectors of the Honduran people was promised yesterday by the new minister of the presidency, Celeo Arias Moncada, who will now be President Jose Azcona's closest official.

Arias Moncada said that the new government will hear the proposals of all organized groups so that by working together, the best solutions may be found to economic, political and social problems.

The minister of the presidency is considered the right arm of the president, inasmuch as he provides liaison with all groups wishing to engage in a dialogue with the chief of state.

Regarding the new head of the Information Office, Arias Moncada said that a journalist will be chosen who enjoys the esteem of most members of the national press.

Efrain Bu Giron: Will Collect More Taxes

Efrain Bu Giron, new secretary of state for finance and public credit, has announced that he will fight tax fraud and smuggling, while seeking to improve tax collection systems.

He noted that as tax collection mechanisms are improved, the people will be spared the possibility of any new tax burden.

Bu Giron added that there will probably be changes in officials in all land, air and maritime customs offices throughout the country, but he said that such changes will be aimed at improving tax revenue and not based on sectarian reasons.

He also promised that the new government will set up a program of absolute austerity in public spending, but indicated that this will not imply any massive layoffs of public employees "because this would only worsen the unemployment problems facing the country."

#### Rodrigo Castillo: Crop Diversification

Promoting basic grain production programs and diversifying crops grown will be the main goals of the new secretary of natural resources, Rodrigo Castillo, the Presidential Palace announced yesterday.

Castillo said that in order to guarantee a supply of basic grain, greater support will be given to independent producers and the reformed sector, inasmuch as this will help to reduce inflation.

The official also pointed up the need to diversify agricultural production for export as a means of earning more foreign revenue and generating new job opportunities in rural areas.

He noted that privileges will be granted so that foreign companies will come to explore and develop mineral resources so that the country may have new sources of income.

#### Elisa de Martinez: Higher Salaries for Teachers

The new secretary of state for public education, Elisa de Martinez, said yesterday that in Honduras, teachers are poorly paid, as they are throughout the world, but she promised that under the government of Jose Azcona, they will have some pay raise, "although not as much as they deserve."

De Martinez added that the Office of Secretary of Education will not intervene in internal problems of teachers organizations, but that it will try to have their leaders engage in a dialogue so as to come to a harmonious understanding.

For the time being, she said, they will continue to be recognized as the authorities of teachers organizations "because they now enjoy that recognition and we cannot overrule that fact."

De Martinez added that the programs of the Office of Secretary of Education will be reorganized so that children and young people in Honduras receive the best possible education at all levels.

#### Mario Espinal: Farm Workers Will Participate

Farm organizations will participate in the agrarian reform process, Mario Espinal, new executive director of the National Agrarian Institute (INA), promised yesterday. Espinal said that over the past 4 years, agrarian reform was what received the least attention, but he guaranteed that the process would have new impetus under the government of Jose Azcona.

"They have been carrying out agrarian reform with the participation of farm workers and without the Honduran people being fully convinced of the process," he criticized.

Espinal also reported that the massive land grant program will be revised "because we believe that the peasants first need the means to cultivate the land."

## Francisco Figueroa: Realignment of Development Plans

The new executive secretary of the Higher Economic Planning Council (CONSUPLANE), Francisco Figueroa, has announced that the new government will revise development plans based on the goals set forth.

He indicated that short- and medium-term plans will soon be drafted and that those already being applied would be revised so that greater benefit will go to the people.

Figueroa said that all capable and honest citizens wishing to participate in the planning of the country's economic and social development will be integrated into CONSUPLANE.

"We believe that government programs can no longer be hastily improvised without first planning in terms of the people's interests," he said.

## Rendon Pineda: Tourism Reactivated

Promoting culture in all its forms and implementing programs reviving the country's tourist industry will be the main objectives of the new secretary of culture and tourism, Arturo Rendon Pineda.

The official said that the convulsive situation prevailing in neighboring countries harms Honduras' tourist development, but he promised that the new government will do everything possible to improve the situation of the "smokeless" industry.

"We firmly believe that the signing of the Contadora Peace Accord for Central America will help tourism in Honduras tremendously because a peaceful region is a great attraction for tourists all over the world," he added.

## Raul Elvir Colindres: Municipalities Will Improve

The new secretary of government and justice, Raul Elvir Colindres, announced that he will give priority to the solution of problems facing the prison system and the extremely poor conditions existing in municipalities throughout the country.

Elvir Colindres said that the jails are not fulfilling their function of rehabilitating those who violate the law, but he also noted that it is not merely the problem of the Office of Secretary of Government and Justice.

"We are also going to emphasize the problems of the municipalities, especially those without even a minimum of revenue with which to operate. We shall try to help them economically based on the budgetary possibilities of the Central Government," he said.

The official promised that the distribution of economic assistance to municipalities will have no political bias because we are all part of Honduras.

#### Juan Fernando Lopez: Roads Will Reopen

The new secretary of communications, public work and transport (SECOPT), Juan Fernando Lopez, announced yesterday that his main activity will be to repair all highways and open up new roads for the people of Honduras.

He said that the condition of most roads throughout the country is deplorable and, despite the fact that the 20th century is drawing to a close, many areas still have no highways.

"A country without infrastructure cannot achieve development because even if it produces, its people have no way of getting their products to market," Lopez stressed.

He also reiterated that he will do his utmost to build the new Tegucigalpa airport, noting that the undertaking is necessary "because any day there is going to be a catastrophic accident that we shall all regret."

#### Reginaldo Panting: Price Controls Will Continue

The current government will continue price controls on basic consumer items, the new secretary of economy and commerce, Reginaldo Panting, announced yesterday. Panting noted that in most countries of the world, prices are determined by the mechanism of supply and demand, but that in Honduras, they cannot remain completely free due to the captive market economy operating here.

"The government has to control prices of basic items for the good of the majority of the people," Panting said.

However, he said that there will be a revision of tax incentives extended to some companies, labeling them as "phantoms" because they have left the country practically nothing.

"It is not that we want to close those firms, but in my opinion, the operation of these companies will have to provide greater compensation for the people and the government," he concluded.

#### Adalberto Discua: Unemployment Prime Target

The problem of unemployment is the No 1 enemy of Honduran democracy, the new secretary of labor, Adalberto Discua Rodriguez, said yesterday.

The official said that Jose Azcona's government will exhaust every possible means of generating new jobs so that those families with no way of earning their daily bread may do so and enjoy the benefits of the democratic system.

Discua Rodriguez said he supported a revision of the minimum wage, but that he would first have to hear the opinions of economic officials in order to measure its impact and not cause more harm than good to the working class and farmers.

He announced that he would maintain an open-door policy with labor organizations and management so that both sectors might work together in harmony and contribute to the country's development and progress.

Ruben Villeda Bermudez: Health Care for Masses

Ruben Villeda Bermudez, new secretary of public health, yesterday promised to make health care available to all Hondurans through a supply of medicines at all health centers in the country.

Villeda Bermudez pledged to work with the National Children's Foundation (PANI) in producing medicine in order to reduce the cost.

He said that medical personnel would be made available at all health centers in the communities in the interior so that the people might have better access to health care.

The new secretary of public health said he would work without partisan bias and that the best personnel would be integrated into the field of public health so they might lend their services in the different agencies of his office.

11,464

CSO: 3248/236

HONDURAS

VILLEGA PESSIMISTIC ON REACHING SOLUTION TO HEALTH PROBLEMS

Tegucigalpa LA TRIBUNA in Spanish 13 Jan 86 p 49

[Article by Divina Alvarenga]

[Text] It would be an illusion to say that all the health problems from which the Honduran people suffer can be solved, but "we can say that we shall make the greatest effort and devote all our time and talent," Ruben Villeda Bermudez, newly appointed minister of health, told LA TRIBUNA.

Villeda Bermudez is publicity secretary of the Liberal Revolutionary Democratic Movement (M-LIDER) and has been asked by President-elect Jose Azcona to head that department.

Insufficient Increase

Villeda Bermudez believes that although the health budget was increased by over 60 million lempiras in 1985, totaling 230 million, it is still inadequate because "there is so much to do in Honduras."

But the increase was the result of a commitment to the Honduran people by all presidential candidates, he recalled.

The money earmarked for public health will be used with austerity and in keeping with priorities scientifically established by the ministry's Planning Directorate, Villeda Bermudez said.

For the future minister of public health, health education is important because one educates the people to protect themselves. The mother-child team will be another target of great concern, he said.

Another policy to be followed is the care of drinking water so that it will no longer be a disease carrier.

Villeda Bermudez will propose that Congress issue a Health Code "regulating advertisements for alcoholic beverages, cigarettes and food harmful to health."

For the radiologist, health problems are one part of the social environment and the result of poor housing, polluted water, unemployment, underemployment and poor employment, along with the need for true agrarian reform.



Honduras' problem cannot be solved with donations of milk, but with the implementation of agrarian reform and support to the community through overall education.

#### Changes in Personnel

Villeda Bermudez announced that there will be some changes in close advisers, but he said that some individuals may remain if it is shown that they have done good work.

He added that there will be no dismissals based on party affiliation.

He revealed that the next vice minister of public health will be Jose Trinidad Oqueli and that Yanuario Garcia will be named to planning and Fidel Barahona to epidemiology.

He noted that in order to solve the problem of the lack of medical care in rural areas, health centers and mobile hospitals will be set up, adequately provided with all the necessary equipment to provide care for village people.

In order to carry out this task, the ministry's facilities are inadequate, as a result of which it hopes to work with institutions such as the School of Medical Science, the Medical School and community service organizations such as the Rotary Club.

#### People's Pharmacies

"We shall set up people's pharmacies so that the poor may acquire medicine at low prices. For that purpose, we shall use the BANASUPROS," Villeda Bermudez said.

He noted that this does not mean competition with private pharmacies because the government must ensure the health of the people. Only prescribed items will be sold at the BANASUPROS.

Finally, he added that his predecessor, Juan de Dios Paredes, is a doctor with greater training in the area of public health and that "while he does have an offer from the Pan American Health Office to work in Costa Rica, if he does not accept it, I would ask him to be my adviser."

11,464

CSO: 3248/227

HONDURAS

## HEALTH OF ECONOMY EXAMINED AS SUAZO CONCLUDES TERM

### 600 Million Fiscal Deficit

Tegucigalpa LA TRIBUNA in Spanish 27 Jan 86 p 88

[Article by M.N.]

[Text] Despite international pressures for the government to reduce public expenditures, the new administration is launching operations with a fiscal deficit of 600 million lempiras.

The fiscal gap, however, reached its highpoint in 1983 when it rose to 800 million lempiras, but at the close of 1985 current expenditures continued to rise in a way that might once again turn into an obstacle to the objectives of financial stability.

The way taxes were handled was not effective enough and those categories that show big improvement are taxes on production, consumer items and sales as well as taxes and duties on imports.

National government operating expenses were perhaps the determining factor in the increase in the fiscal deficit, since they constitute a factor that was present throughout Dr Suazo Cordova's entire administration.

To finance the fiscal gap, the government issued treasury bills and made use of direct loans and bank deposits, but 69 percent of the deficit was financed with external funds.

### Political Concern

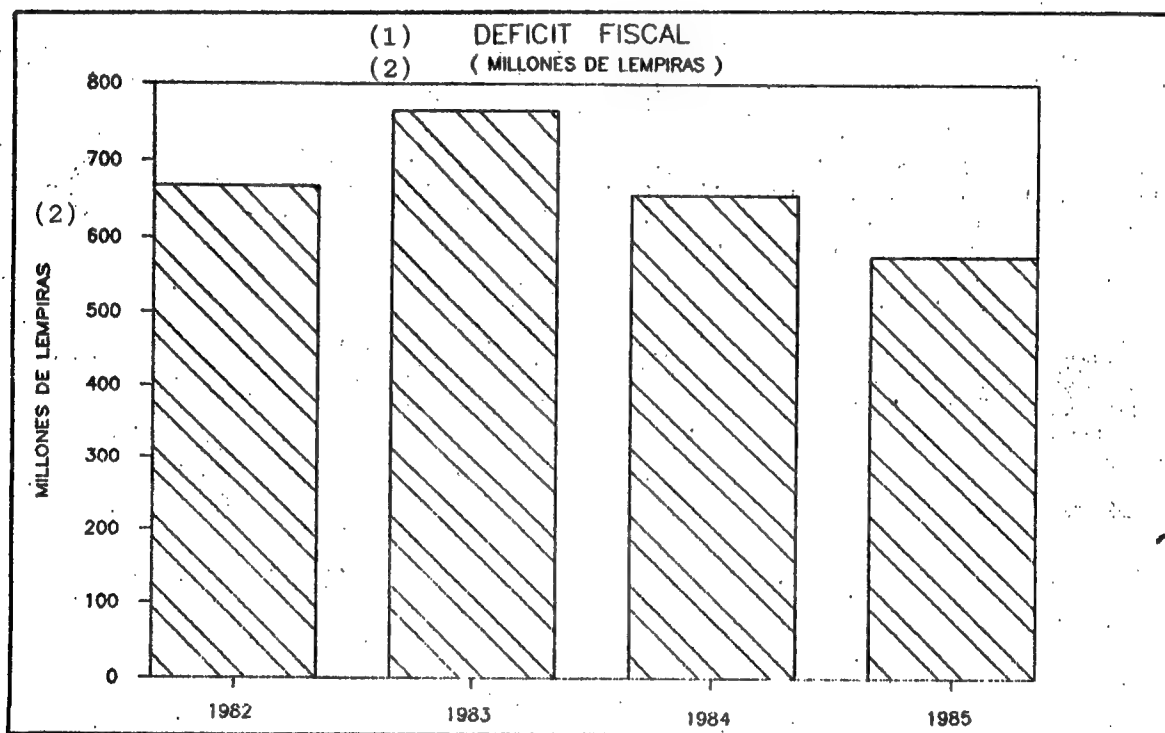
The administration's chief political concern boiled down to how to cut down public expenditures without reducing the bureaucracy or lowering salaries.

In a paper of limited distribution composed at the Central Bank of Honduras in 1983, it was ascertained that the government had run up against a contradiction since public expenditures cannot be reduced without affecting the bureaucracy, which is without a doubt a big political force.

20 March 1986

Central Bank experts determined that public expenditures are inflexible with regard to wage cuts and compel the private sector to make greater sacrifices, resulting in a reduction in government income, a rise in expenditures and an imbalance in the balance of payments.

The restrictive policy of Dr Roberto Suazo Cordova's government has momentarily removed the specter of devaluation, but continuing with the same policy, which directly affects importers, will trigger a greater increase in the unemployment rate and leads us to forecast the stagnation of production activities with unpredictable consequences.



Key:

1. Fiscal deficit.
2. Millions of lempiras.

#### Negative Balance of Payments

Tegucigalpa LA TRIBUNA in Spanish 27 Jan 86 p 88

[Text] At the conclusion of Suazo Cordova's administration the value of Honduran imports continues to be greater than that of exports, thus showing a considerable deficit in the balance of payments.

Despite the fact that a rise in export value has been recorded in the past 3 years, during the same period import value rose by nearly 200 million lempiras.

Official figures indicate that Honduran exports came to 1.471 billion lempiras in 1984, while imports amounted to 1.791 billion lempiras, a deficit of 320 million.

Bananas and coffee were the chief export items, while raw materials, fuels and lubricants constituted the greatest number of imports, followed by consumer goods.

The official figures show the following distribution by export item:

Bananas	440 million
Coffee	337 million
Wood	67 million
Lead and zinc	85 million
Silver	40 million
Meat	49 million
Shrimp and lobster	77 million
Sugar	50 million
Tobacco	21 million
Cotton	15 million
Laundry soap	12 million
Petroleum byproducts	12 million
Other products	246 million

11,466

CSO: 3248/231

HONDURAS

BRIEFS

COLPROSUMAH PRESENTS GRIEVANCES TO AZCONA--The new directives of the Professional Association for Improving Teaching in Honduras (COLPROSUMAH) sent to President-elect Jose Azcona Hoyo asked that justice be done and that the arbitrary actions of the past be corrected. The leaders of the so-called "authentic" board of directors of COLPROSUMAH, led by Rosario de Dominguez, met with Azcona yesterday to present to him a picture of the internal situation facing the nation's teachers. Dominguez said that "we told the president-elect of the problems experienced by COLPROSUMAH as a result of the attack on its board and of the repression of which we who defend the real rights of Honduran teachers have been the victims. We asked Mr Azcona for justice and for a correction of the arbitrary acts committed by the retiring president, who was the one who gave support to those attacking education leaders so that they would serve the government sector," she emphasized. Dominguez expressed her satisfaction over the attitude and interest shown by the president-elect over the problem at hand and said that "he can end the problem facing teachers rallying around the real leadership of COLPROSUMAH." [Text] [Tegucigalpa LA TRIBUNA in Spanish 9 Jan 86 p 6] 11,464

CSO: 3248/227

MEXICO

# TLAXCALA GOVERNOR FAULTS 'TECHNOCRATIC' POLITICAL APPROACH

Mexico City PROCESO in Spanish No 478, 30 Dec 85 pp 18-21

[Interview with Governor of Tlaxcala Tulio Hernández by Elias Chavez; date and place not given]

[Text] "Yes, presidentialism, as Secretary of Government Manuel Bartlett says, has deep roots in Mexico, but it is necessary now "to distribute the president's authority and broaden the participation of the states of municipalities," Tlaxcala Governor Julio Hernandez says.

In an interview granted to PROCESO, the governor attacked centralism--"It subsidizes the capital of the republic at the expense of the citizens of Mexico," criticized technocracy and false vanity in government employees, and he demanded that government officials "always speak the truth," expressing regret at the "lack of practical and human sense" in political work.

So deep are roots of presidentialism that Tulio Hernandez dates them back to the colonial era, when for 300 years, authority in the single person of the king determined life in New Spain. These roots are still alive and bearing fruit.

"Even now," the governor said, "I still receive claims from some villages in Chautempan whose representatives, on the basis of documents signed by Charles V, tell me: 'No, government, no, you cannot impose this business of the national park on us, because here we hold the lands the king gave us in 1500 and something.'" And however much I tell them: "Well, yes, but this is no longer valid, because after that independence was won, and there have been a war, a reform, a revolution and a new constitution," they reply: "No, no, we have our paper here, and the king gave us these lands." It is very difficult to persuade them that this document is now no more than an interesting historical reference."

On the 14th of this month, Tulio Hernandez delivered his fifth government report. The ceremony was attended by Secretary of Government Manuel Bartlett, representing Miguel de la Madrid, who took up the defense of presidentialism as authority in the hands of a single person.

Later, during our interview, Tulio Hernandez commented on Bartlett's thesis.

"Certainly presidentialism does have very deep roots in Mexico," he said. "It was for this reason that Antonio Lopez de Santa Anna, despite all his errors, was president of Mexico 11 times. After independence was won, Santa Anna was the first to truly exercise authority, but in a very curious fashion. He was the president, but when he saw that there were problems, he asked for leave and departed. The vice president remained to take his place, and then, getting involved again, he took up arms against the acting president. He, Santa Anna, knew that the important thing was not to be president, but to be a likable leader. Then, with Juarez, the presidency took on another aspect. Juarez not only felt himself to be a leader but, more than anything else, the representative of an institution. The same was true of Porfirio Diaz, although he then was reelected even though he had opposed reelection. All of this is sometimes forgotten, and then it is said that the presidentialism at present is excessive. But no. What must be understood is that presidentialism is the expression of a whole social, cultural and political background, more recently, when the revolution triumphed, Alvaro Obregon also developed strong feelings about presidentialism and sought reelection. And the first to understand that this should not occur was Calles, although he did it deceitfully. He said that it was necessary to institutionalize a whole series of things and to promote the founding of the party, so that even though he did not become president again, he could indeed continue to head the revolution and to govern. This is the truth. And so it continued until Cardenas, who decided to be a serious president and to do away with the "highest leader," came along. As of then, institutional change in the government really began in Mexico. No president, when he leaves that office, continues to have power. Concretely today, for example, President Miguel de la Madrid is not dependent on any former president. It is thus that our presidential system has developed."

[Question] Should the development stop there? Is this presidential system optimal?

[Answer] "We are seeing a great deal of criticism," the governor responded. "Many people say that presidentialism is very bad. Well, probably so. But the truth is that this presidential system is a process which has been developing satisfactorily. And this should not lead us to demand an end to the system, no, but rather that the presidential system carry out its functions better, and that many tasks should no longer be assigned to the president. He has no need to do everything nor to direct everything."

When Tulio Hernandez speaks, his words run away with him, and sometimes, so do his actions. For this reason he himself exemplifies the use of power by a single individual.

"Since I was 14 I have lived to be governor. Since that age, my calling and my greatest efforts pointed in that direction--becoming governor of my state. And now that I am, I take great care not to be the one who directs and decides everything in Tlaxcala, although this goes against tradition. For example, it was traditional in Tlaxcala for the governor to hold an open audience every Saturday, which is market day, at which everything was discussed and analyzed, from the problems in a marriage in which the wife complained to the governor about her husband to the problems a municipality was having with another, or

with the state government. And obviously, this seemed very nice, but I came to the conclusion that it was neither pleasing nor useful. Then I sponsored a series of constitutional amendments, and a law which gave the governor the authority and the obligation to dismiss municipal officials who were doing negative things was eliminated. Also eliminated was the law which provided that the political problems in a municipality or between municipalities should be resolved by the governor. This was good. Now I do not decide disputes between husbands and wives nor those between municipalities. Let they themselves or the congress resolve them. And on any level, be it municipal, state or national, the authority should be distributed."

This reporter asked if perhaps the most nefarious aspect of the presidential system is the fact that the president of the republic, for and by himself, designates his successor.

"No, no, that is not so," the governor objected. The president is of obvious importance, but he does not decide alone. If this were the case, he would appoint a friend, an intimate. But no. What happens is that he supports someone politically known, a respected personage connected with the internal PRI [Institutional Revolutionary Party] forces.

[Question] If this were true, the selection of the candidate for the presidency of the republic would have some appearance of rationality. And in the last two "revelations," at least, the candidate proved to be the man we least expected. There have been surveys which showed this.

[Answer] There is no reason for this, either. The candidate is the man proposed by the PRI, no more nor less. I would ask you to give me a formula by virtue of which the next candidate of the presidency of the republic should be the product of a consultation of all sectors. What is it?

"There are mechanisms," this reporter attempted to explain, but the governor interrupted.

"There is only one: each party has the right to select its candidate in accordance with its own system. This is what the PRI does and this is what all the other parties do. Do you think that the PAN [National Action Party] selects its candidate on the basis of what the individual who sells newspapers or pulque in my state thinks?"

[Question] The PAN consults its own members.

[Answer] Yes, the PAN consults its own members, and the PRI does the same.

[Question] The PRI or the president?

[Answer] The president is an important factor, but it is the PRI which nominates the candidate. In any case, if the selection made by the PRI were to cause displeasure, everyone could vote against it. What is the problem?

[Question] The problem is that the PRI is not just any party, and when it selects its candidate, in practice it is determining the constitutional election.



[Answer] And what of that? Do you think our people are all idiots? No. Let us abandon this idea. Some say that as the president selects whom he wants, the people and all of those who accept him are idiots to do so. No, no, that is not correct, for no people is made up of idiots. And if they accept the PRI candidate here, it is because there is a whole series of reasons for doing so. What are they?

[Answer] There are many. One is respect for the PRI, belief in it. Another is the knowledge that those who make the decision in determining the party selection are important people. And it is obvious that one of these important people in the PRI is the president of the republic. And this decision is not made on a whim. Probably Miguel de la Madrid was not an important person for some people 8 years ago, because he had just become an undersecretary. But he was nominated, not on a whim, no, but because internally, within the PRI system, a time came in the middle of the last 6-year term when he moved from undersecretary to secretary and to the management of things, and then he was chosen. And the people accepted him not because they are idiots, but because they agreed and they confirmed this at the polls.

The secretary of government had the following to say about Tulio Hernandez on the day the report was delivered.

"The governor has served his party previously in various capacities, and during different periods he has carried out high administrative responsibilities. He has dealt with urban affairs of the greatest complexity and has served in the legislative branch as a federal deputy. He is, then, thanks to his training, a man with a popular calling experienced in dialogue with groups, in dealing directly with peasants, workers and the popular classes. He is a man who deals honestly and equitably with the legitimate interests of the collective. Governor Tulio Hernandez is a governor who has done his work."

#### The Problem Is Fatalism

It goes without saying, then, that Tulio Hernandez is profoundly knowledgeable about the system, which he defends and describes as follows.

"The success of the Mexican political system has its roots in the following: if we analyze Santa Ana, if we analyze the struggle of Juarez, the efforts of Porfirio Diraz and Alvaro Obregon, the work done by Calles or de Cardenas, we note that in all cases, the most important thing was the people, the citizens, who at certain times have seen that some decisions suited them, and have accepted them. And the PRI is one of these decisions, a very important one, because it is not the party of a political boss. There is no political boss nor any gang of soldiers ruling the country behind the PRI. Those who say the contrary lie. Let us see: who are the individuals, the members of the little group who subjugate our system to a party boss and who have been administering the country for 40 years. And beyond that, tell me how many secretaries of state have been making decisions in Mexico in the last 50 years? No, it does not exist. This is a system which has two basic formulas. One calls for continuity, the continuity of the PRI, historic continuity, and the other requires the timely replacement of the men in government posts. I

do not know if this system is perfect, but it is one that works. It is a system which functions in human and social fashion."

About the revolution, Tulio Hernandez says:

"I do indeed believe in the revolution. Once at a PRI gathering, a fellow said to me: 'Listen, why are you applauding so loudly?' Because I believe in the revolution. Don't be stupid. No, if I do believe in it, it is not because I am rich or have a ranch or many homes. I am one among the millions of Mexicans who have benefitted from the revolution. Look. I am 47 years old, the son of very modest parents, two teachers. One was a peasant who, fatherless at the age of 12 had a health problem, and had to have an arm amputated. But he struggled and studied and became a teacher. My mother too was a teacher in a very modest little school. Neither of the two could give me books so that I could study. There was no money to buy them. But I could study, I went to the university, I became a lawyer, a youth leader, a deputy and now I am governor. And all of this without coming from a rich family or having a noble name. But even so, for many in my family, this was bad, because they were "reds." My mother was a member of the communist party, a Marxist, and no one ever gave me the boot because I was half 'pink.' And from the time of my birth to the present, I have seen what has happened to me and to millions of Mexicans. Previously people died in their 40s, today they can live to 70. We have become the fourth largest producer of oil. Our country ranks 12th in the world economy. We have a population of 80 million, and Mexico is one of the main protagonists in this world. And no one has given us anything. While I was still a deputy, my children lacked shoes, were hungry, sick and weak. But in Tlaxcala today, it is very difficult to find a barefoot child. And the shoes were not given to them by the government. No, what is happening throughout the country is that the people have made an effort and the revolution has advanced."

Nor does the crisis diminish the governor's optimism.

"No, the crisis is not the great problem. The serious problem is the fatalism we espouse in presuming that the Mexican people are characterized by ineptitude and stupidity. Unfortunately, this is aggravated whenever any government official or employee gets up and delivers a technocratic and deceitful speech, making the people feel bad. Then the people say, here is a fellow telling us who knows how many things, but they are lies, because the price of bus fare has already gone up, gasoline and rent are now higher, and as for food...the only thing this does is create mistrust, when what we need to promote is realistic and truthful communication. If instead of a technocratic speech an official were to say, 'Listen, comrades, I am the mayor, or the governor, I am what I am and I want to tell you this: yes, realize that the situation is difficult, but I want to ask that we all make an effort, and if things go badly, come to me, tell me, I am a stupid fellow.' And then the people will react positively, and will say: Well, this one is telling us the truth, but also he is taking a risk. He knows that if loses we will judge him harshly, but for the time being his is telling the truth and we will work with him. But no, the man with the technocratic approach, out of vanity, does things backwards and says that everything is so bad because you are irresponsible, and industry is failing because all of you are stupid."

According to the governor, this attitude on the part of "some officials"--he refuses to name names--"reflects a lack of practical and human sense" in "some areas" of political activity. And he returns to his elliptical stockpile.

"Forty years ago one could sit down at the table and begin to eat and say, 'Listen, Papa, I am very upset by something.' 'Shut up, stupid boy, and leave, for only adults can talk here. Out.' And one went. That is how it was. Now when one sits with his children or other young people and says 'Come on, boy, eat this.' 'No, Papa, I don't like it. I won't eat it.' And one can't get along with him. 'Get out.' 'No, I won't, Papa, why should I?' 'If you do as you have for 8 days now, you won't eat here. Now listen to me.' And one cannot get along. I have experienced all this and this is the country in which we are living. Now the people say what they feel. The factory manager, the merchant, everyone says his peace, and the government leader or employee is not supposed to answer. Shut up, you do not have the right to speak. No, the proper thing is, you say this, well now, let me tell you what I think. That is democracy. Democracy does not mean that everyone applauds me, democracy means that everyone speaks and that those of us in office listen to them, not only to mollify them, but so that we can do things which will satisfy the majority. But I insist: it is always necessary to speak the truth."

#### Prices Low in Federal District

Tulio Hernandez believes that centralism, reflected in the macrocephalic nature of the Federal District, is due in part to the fact that the citizens of the capital are not told the truth.

"In the Federal District there is a policy based on love of our history and the desire for our capital to be a great city, the best. Fine. But it happens that Mexico City is, if not the only one, one of the few urban centers in the world which, being a capital city, enjoys incredible subsidies. Everywhere, life in the capital city costs more than elsewhere in the country. Washington and New York are more expensive than Dallas, Paris more so than Nimes, but here, the federal district has lower prices than Tlaxcala. When the earthquake tragedy occurred in September, we all felt anguish. My wife, for example, was performing in her best play in 15 years, but the theater collapsed and even the costumes were lost. Immediately after the earthquake, wonderful national solidarity developed. But I am also going to say one thing: five years ago, a dam in La Paz, Baja California, collapsed, and 14,000 people, a third of the population, died. And in the rest of the country no one paid any attention. In La Paz the people had to bury their dead and rebuild their houses, and there was no major subsidy or national solidarity with people saying 'We will all give money for the catastrophe victims.' What is happening? Yes, Mexico City is our pride, but there is no fairness in the centralism which favors it. In Mexico City, the subway costs a peso, while in Tlaxcala, a child or a woman traveling 1 kilometer or 2 by bus must pay 25 pesos. In Tlaxcala we produce corn. This year we will provide 200,000 tons for domestic consumption, after consuming all that the collective needs. And what happens? In the federal district, tortillas cost 22 or 24 pesos per kilogram, while the cost in Tlaxcala is 40 or 60 pesos. Are you aware that the subsidy for Route 100 for 1 year was 170 billion pesos,

the equivalent of the whole budget of Tlaxcala for 10 years? And like this one, many of the subsidies for the Federal District are allocated without thought for the fact that everything costs more in the rest of the country. This is not just! The vast majority of the people in the Federal District do not think about the rest of the country. Basically, it is as if the resident of the capital were thinking: 'Let the rest of the Mexicans make the best of it, poor idiots!'"

[Question] Why aren't the other governors protesting?

[Answer] I don't know, but what I do know is that a better balance is needed. Everyone is amazed at the huge population of the Federal District. But why does this happen? Why are there 100,000 people from Tlaxcala living in Nezahualcoyotl? Because there the metro costs 1 peso, because there are subsidies there for tortillas, for water, for everything. Therefore one should not be surprised that the population is so great.

[Question] There is the possibility that municipalities will be reestablished in the Federal District. Would this help to resolve the problem?

[Answer] I go along with the reestablishment of municipalities, but let one thing be clearly understood: the law must be applied equitably, and each municipality, be it Tlaxcala, Michoacan, Guanajuato or the Federal District must collect and spent what it can. People will say that I am a wretched creature and that I want all the prices in the capital to go up. What I want is respect for the millions of Mexicans in the shantytowns and villages of this great country who are contributing their work and making the best of the reality. It is necessary to strengthen the policy on the municipal and state levels so that there will no longer be any pretext for saying that it is centralism and presidentialism which are doing harm to the country. Otherwise, there is a risk. If the main complex of authority and decision-making power remains centralized, from the legal and political points of view, in a single individual, in this case the president of the republic, then there is a pretext for saying that everything is going badly because this gentleman is not giving us more money, providing us with more projects or making us happier."

5157

CSO: 3248/146

MEXICO

CITIZENS POLLED ON ACCEPTABILITY OF FURTHER BUDGET CUTS

Mexico City EXCELSIOR in Spanish 24 Feb 86 p 4-A

["Minsurvey: Petroleum 4," by Adip Sabag. Survey carried out by the Mexican Public Opinion Institute in the Federal District between 13 and 19 February 1986. Five hundred and fifty persons over 18 years of age were selected by quota method (e.g. sex, age) in accordance with data from the latest population census. For related survey, see JPRS LATIN AMERICA REPORT of 23 Jan 86 (JPRS-LAM-86-009), p 97.

[Text] The drop in the price of oil means a budget reduction for Mexico of approximately 5 billion dollars, which will result in the cancellation of public works and development projects. Are you prepared to make further sacrifices?

Yes	17 %
No	82 %
No Answer	1 %

CSO: 3248/274

MEXICO

CITIZENS POLLED ON ENTRY INTO GATT, IMPACT ON NATION

Mexico City EXCELSIOR in Spanish 4, 8, 9 Jan 86

[From "Minisurvey" by Adip Sabag. Survey carried out by Mexican Public Opinion Institute in the Federal District, 16-17 December 1985. Seven hundred and fifty-two persons over 18 years of age were selected by quota method (e.g. sex, age) in accordance with data from the latest population census. For a related survey, see JPRS LATIN AMERICA REPORT of 23 Jan 86 (JPRS-LAM-86-009), p 97]

[Part I: 4 Jan 86 p 4-A]

[Text] Let us assume that a trade treaty is proposed under which Mexico can sell all of its products in the United States, and the United States can sell all of its products in Mexico. In your opinion, who would come out the winner?

Mexico	10 percent
The United States	88 percent
No answer	<u>2 percent</u>
	100 percent

[Part II: 8 Jan 86 p 4-A]

[Text] With which of the two statements below do you agree?

If Mexico joins GATT, the standard of living will rise, there will be full employment, natural resources will be developed, production and trade will expand, and economic development will be promoted.....25 percent

If Mexico joins GATT, there will be greater economic dependency, domestic industry will be displaced by foreign industry, small and medium-sized companies will go bankrupt, unemployment will rise, and countless foreign goods will enter the country.....72 percent

No answer.....3 percent

100 percent

[Part III: 9 Jan 86 p 4-A]

[Text] The government asserts that between 15 September and 25 November it consulted the people about whether or not Mexico ought to join GATT. Did anyone ask you about this matter?

Yes	8 percent
No	91 percent
No answer	<u>1 percent</u>
	100 percent

8743

CSO: 3248/220

MEXICO

NEW MINIMUM WAGES ANNOUNCED, WAGE GROUPS CUT TO THREE

Mexico City EXCELSIOR in Spanish 28 Dec 85 p 1-A, 15-A

[Excerpt] The National Minimum Wages Commission [CNSM] has announced a 32 percent increase in the legal minimum wages starting on 1 January (in the Federal District, it will amount to 1,650 pesos), and expressed its pledge to remain watchful of the changes in prices, revise the minimum wage "when it is deemed necessary," and prevent its average level from declining from that of 1985.

During yesterday's session, at which the resolution establishing the new minimum wages for 1986 passed unanimously, it was also decided that, starting in 1986, the number of wage zone groups should be reduced to three, instead of the four currently in effect; thereby reclassifying the 14 lowest wage level zones and making their income equal to that of the immediately higher group; in other words, 1,340 pesos, starting next Wednesday.

As for the minimum professional wages, set at 86 by the CNSM, it was decided to make them between 25 and 65 percent higher than the general minimum wages in the rural and urban areas, depending on the degree of qualification in the various special fields for which this wage schedule exists.

Javier Bonilla Garcia, head of the CNSM, claimed: "We intend to maintain a position of solidary backing for the economic reorganization undertaken by the federal executive branch, and, at the same time, of fostering a recovery of the minimum wage's purchasing power."

The classification in which the three wage groups of the 67 economic zones that will be in effect in the country starting on 1 January will be included is: 1,650 pesos per day (49,500 pesos per month) for a group of eight zones with the highest minimum wages, including the metropolitan area of the Federal District, the states of Baja California and Baja California Sur, and towns such as Acapulco, Ciudad Juarez, Nogales, Matamoros and Coatzacoalcos.

For the second group, comprised of six economic zones, the new minimum wage will be 1,520 pesos per day (45,600 pesos per month). Included in this group are the metropolitan areas of Guadalajara and Monterrey, and towns such as Tampico, Hermosillo, Ciudad Obregon, Ciudad Mante and Poza Rica, among others.



To be included in a third group are 53 economic zones with a minimum wage of 1,340 pesos per day (40,200 pesos per month), in which the following federative states will be covered: Aguascalientes, Campeche, Colima, Morelos, Nayarit, Puebla, Quintana Roo, Sinaloa, Tabasco, Tlaxcala, and Zacatecas; as well as towns such as Saltillo, Torreon, Tapachula, Leon, Chilpancingo, Puerto Vallarta, Nezahualcoyotl, Toluca, Lazaro Cardenas, Morelia, Tehuantepec, Queretaro, San Luis Potosi, Ciudad Victoria, Veracruz, Jalapa, Merida, Durango, Tuxtla Gutierrez, Pachuca and Oaxaca.

2909

CSO: 3248/186

MEXICO

## CHIHUAHUA ELECTORAL LAW TALKS COLLAPSE AFTER THREE SESSIONS

Mexico City EXCELSIOR in Spanish 12 Jan 86 pp 1-A, 11-A

[For related articles see JPRS LATIN AMERICAN REPORT of 14 January 1986 (LAM-86-006), pp 89-90.]

[Text] Ciudad Delicias, Chihuahua, 11 January--The dialogue between the authorities and the PAN [National Action Party] officials concerning the amendments to the Chihuahua Political Organizations and Electoral Processes Law was suspended today, since "a hardening of the official position, in addition to its factious stubbornness," according to Guillermo Prieto Lujan, regional leader of the white and blue party.

The negotiating commission made up of the secretary general of government, the attorney general of the state and the budget director, as well as three representatives of the PAN, met only three times. Thus there was no agreement reached on what Prieto Lujan called "basic points, one of which has to do with the penalties imposed on those doing electioneering work three days before the elections."

The complaint was voiced that "our petitions were to no avail," although it was noted that initially everything seemed to be going well, with disagreements, but some agreements reached.

"However, when it came to the basic points such as the penalties against those distributing propaganda for a candidate in the 3 days preceding the elections, things changed. We asked that the earlier penalty be maintained, i.e., a year in jail or loss of political rights for a year.

"We asked that this article be rewritten," Lujan explained, "because we believed that it is badly worded, thus lending itself to abuse. They agreed to rewrite it, but what they proposed was not satisfactory, since the draft left the way open for the committing of the same kind of abuses."

The government categorically refused to expand the number of representatives per booth, such that the negotiation process was blocked and it became plain that this "factious stubbornness" was directed against the opposition parties, and more particularly, against the PAN," Prieto Lujan said in conclusion.

MEXICO

PAN UNDER INVESTIGATION FOR DIVERSION OF MUNICIPAL FUNDS

Mexico City EXCELSIOR in Spanish 12 Jan 86 pp 4-A, 26-A

[From "Political Fronts" column, by Guillermo C. Zetina]

[Excerpts] The authorities are investigating the fact that the National Action candidates will have available to them hundreds of millions of pesos for the campaign in Chihuahua, because not only have local and national business groups made contributions, but large sums have been withheld by the PAN mayors in this state.

For example, public works projects have been postponed in Ciudad Juarez and in the capital of the state, where there are PAN municipal councils, because this money has been allocated to the electoral campaign for the governor and mayors posts. The concern of the PAN is based on the fact that between 1983 and 1985, the National Action lost 7.5 percent of its vote, as compared to a 3 percent loss for the PRI [Institutional Revolutionary Party]. This means that there were 50,000 votes the PAN did not win in the local elections. PRI circles are confident that they will recover the mayors' posts in Ciudad Juarez, Chihuahua and Parral, despite the bitter opposition expected from the PAN. The other municipal councils were lost, according to the PRI leaders, due to neglect rather than the real strength of the National Action.

At the moment, the PAN controls seven municipal councils in Chihuahua--Ciudad Juarez, Chihuahua, Camargo, Casas Grandes, Delicias, Parral and Meoqui. The PPS controls one--Coronado, the PST [Socialist Workers Party] one--Cuauhtemoc, and the PSUM [Unified Socialist Party of Mexico] one--Zaragoza. Also, the PAN controls four federal districts--I (Chihuahua), II (Hidalgo del Parral), V (Camargo), and XIV (Ciudad Juarez).

5157

CSO: 3248/208

MEXICO

POLICE OF PAN-RULED CITIES IN CHIHUAHUA GET SPECIAL TRAINING

Mexico City EXCELSIOR in Spanish 16 Jan 86 States Section p 3

[Article by Manuel Cabrera G.]

[Text] Ciudad Juarez, Chihuahua, 15 Jan--Top security units with training similar to that of the group expert in the handling of weapons and other antiterrorist tactics in the United States held practice in this locality today to establish a series of strategies with a view to preventing the "repression" of the population of Chihuahua, Director of Public Safety Ruben Raymundo Gomez announced.

Mayor Francisco Barrio Terrazas, for his part, stated that problems which have developed in the state, such as the illegal occupation of CONASUPO [National Company for Basic Commodities] stores, the teachers and miners' disputes in the southern part of Chihuahua, as well as the outbreak of rebellion among the students at the Autonomous University of Chihuahua and in this city are evidence of the lack of authority in the state and not of the "harsh hand" of the office holder, Saul Gonzalez Herrera.

Gomez said that the top security units did their training exercise in the municipal government building, and the participants came from the municipalities of Chihuahua, Mioqui, Delicias, Camargo, Cuauhtemoc, Parral and Ciudad Juarez, where representatives of the opposition parties are in government office.

He explained that the goal of the police agents in the seven municipalities in the hands of the opposition will be to cordon off the public buildings and supervise the demonstrations held against the government, preventing situations like those which occurred recently in the capital of the state itself, San Luis Potosi, Monterrey and Nogales, Sonora.

The unit includes a little more than 2500 individuals, and at the meeting of the police chiefs who are PRI militants today, Pedro Valdes and Horacio Escarcega, assigned to the municipality of Madera, were expelled because they were believed to be "spies."

## Training in the United States

The commander in chief of these units, Oscar Valles, announced that the expert in the handling of heavy caliber weapons and other antiterrorist tactics took special training courses in Santa Fe, New Mexico, and El Paso, Texas, both in the United States.

Ruben Raymundo Gomez said that the police authorities should coordinate the efforts for the securities system to be utilized during the elections to choose the governor, state congressman and mayors.

Jesus Hernandez, spokesman for the municipal government of this city, harshly criticized the administration of interim governor Saul Gonzalez Herrera, and said that far from seeking electoral peace, this "is totally opposed" to his principles.

The secretary of the municipal council of Ciudad Juarez, Sergio Conde Varela, said for his part that the top security forces have shields, tear gas grenades, long range shotguns and antiriot equipment, and he criticized the army for having disarmed the police in August of 1985.

He admitted that the state government has the right to ask the troops to intervene "if it deems this desirable during the electoral process."

5157

CSO: 3248/208

MEXICO

# WIDOW OF CAMARENA'S PILOT STILL WITHOUT PENSION BENEFITS

Mexico City EXCELSIOR in Spanish 22 Jan 86 STATES Section pp 1, 4

[Article by EXCELSIOR correspondent Eduardo Chimely]

[Text] Guadalajara, Jalisco, 21 Jan--Almost a year after pilot Alfredo Zavala Avelar was killed by drug trafficker Rafael Caro Quintero, his widow has still not received the pension to which she is legally entitled, owing to red tape and the "accidental" loss of the corresponding documentation on four occasions.

Mrs Maria Luisa Nunez, 52, said: "I've been fighting it for 11 months now, carrying my papers back and forth, the birth, marriage and death certificates, the autopsy report and my children's birth certificates, and they still haven't given me and my family what we deserve."

Zavala Avelar was killed last 7 February along with Enrique Camarena Salazar, who worked for the Drug Enforcement Agency. In the wake of U.S. pressure, it was learned that the perpetrator and mastermind of the crime was drug trafficker Rafael Caro Quintero, along with Ernesto Fonseca Carrillo and his gang of thugs. The latter were arrested and are currently under indictment in the nation's capital and this city.

Zavala Avelar's widow indicated that the last time she went to the SARH [Secretariat of Agriculture and Water Resources], they told her in the legal department that the documents had gotten lost because of the damage that last September's earthquake had caused to the building in Mexico City; no one in the staff had access to the building, and they therefore asked her for fresh photocopies.

The SARH branch's legal department, which is headed by Carlos Vega Vazquez, reported that "all of the necessary documents were requested through the agent of the Federal Public Ministry, who was initially in charge of the ministerial proceedings. Records of the statements before the district judge were also requested. Everything was sent to Mexico City."

8743  
CSO: 3248/220

MEXICO

PROPERTY OF CARO QUINTERO LIEUTENANT GIVEN TO PEASANTS

Mexico City EXCELSIOR in Spanish 24 Dec 85 STATES Section p 2

[Excerpt] Tijuana, Baja California Norte, 23 Dec--Properties owned by drug trafficker Jose Contreras Subias in the municipality of Tecate have been turned over to ejido members of the National Peasant Confederation (CNC), as the Office of the Attorney General of the Republic (PGR) had ordered, by special circuit court judge Jaime Torres Espinosa.

The judge also indicated that the homes that Contreras Subias owned in this city would become the property of the state government, under the regulations established by the PGR concerning the property of drug traffickers.

He underscored that Contreras Subias, who escaped from the municipal public jail last 25 October and on whom there are so far no leads, was the owner of the San Miguel, El Pinon and Providencia farms. The 600-hectare spread, on which marijuana was found growing, was turned over to peasants belonging to the CNC.

Torres Espinosa stated that the agreement signed between the PGR and the Agrarian Reform Secretariat provides that "lands owned by drug traffickers and used to grow narcotics shall be turned over to peasant farmers so that they can grow foodstuffs instead of substances that damage people's health."

He said that Contreras Subias' real estate holdings, two luxury homes, may become state government property. No further details have been provided about them.

8743  
CSO: 3248/220

MEXICO

BRIEFS

TAMPICO      ALIEN DETENTION FIGURES--Tampico, Tamps., 2 January--In 1985, the Mexican immigration authorities detained over 600 undocumented Central Americans in this port. The deputy chief of the local Interior Secretariat office, Pedro Guerrero, claimed that all those currently detained were attempting to travel through Mexico to the United States, in order to enter there illegally. The official added that the high degree of efficiency in locating the illegals was a result of the establishment of checkpoints at key points in this port. He noted that it is already known that this locality is considered a "corridor" for the passage of Central Americans, primarily Guatemalans, Salvadorans, and Hondurans. [Excerpt] [Mexico City EXCELSIOR in Spanish 3 Jan 85 STATES section pp 1, 2] 2909

CSO: 3248/186



PERU

## FOOD SHORTAGES, DISTRIBUTION PROBLEMS 'CRITICAL'

### Lima Distribution Problems

Lima EL COMERCIO in Spanish 21 Jan 86 p D8

[Text] The shortage of potatoes and chicken remains critical in the city. The housewives are facing an abnormal supply and, therefore, buy from street vendors whose prices are considerably higher.

According to the Ministry of Agriculture, 290 tons of potatoes came in last Saturday. The ministry has estimated that the population needs 760 tons.

It was determined that there is almost no chicken on the market. For example, only 2 of the 20 retail stands had chicken at the official price of 15.50 intis (15,500 soles).

Poultry on display in other stands was goose which is sold at 45 intis (45,000 soles).

As to potatoes, a visit to the markets revealed that potatoes were only sold by street vendors, not at legal stands.

The La Parada wholesale market exemplified the shortage since there were no potatoes at any stand last Saturday and Sunday, holidays for the public. However, street vendors were selling potatoes all along the perimeter of that market, charging up to 100 percent more. (The official price is 2.9 intis and the vendors sell them at 5 and 6 intis.)

### Why No Chicken?

Leader Walter Cardenas said that poultry dealers do not have chicken at the official price because profits are not in line with costs and because the supply is rationed in the distribution centers.

He explained that official controls of several government entities have been centralized in the distribution centers. Because of that supervision, distribution is very slow.

20 March 1986

He commented: "We have to stand in 'line' for 3 or 4 hours and we only receive a crate of 10 chickens." He said that the difficulty in obtaining that small supply does not justify the investment and the time it takes to buy it.

He also stated that the distributors limit supplies to the retailers because their profit margins have gone down.

The leader added that the profit for retailers has gone down from 40 to 32 percent and, for wholesale distributors, from 13 to 9 percent.

Finally, he suggested that authorities should make a real study of costs so that marketing can be carried out under normal conditions.

#### Brazil Supplies Buffalo Meat

Lima EL COMERCIO in Spanish 19 Jan 86 p A-16

[Text] Iquitos, 18 Jan--A herd of buffalo which will be used for meat will soon arrive at this river port from Brazil. This announcement was made by the department prefect, Alfredo Marril Cobos.

These buffalo come from a farm near Manaos. They will arrive at a time when red meat has become scarce on the market. As was reported, the problem is due to the fact that shipments of cattle from San Martin Department have been suspended.

It is said that the cattlemen of Tarapoto, Juanjui, and the surrounding area prefer to sell their animals to merchants on the coast who offer up to 15 intis more per kilo of beef on the hoof.

As to buffalo meat, the technicians of the Ministry of Agriculture say that the only difference from beef is a more intense color and more pronounced fiber. The housewives hope that the meat supply will improve soon.

The price of buffalo meat will not change. That is, it will be sold at 25 to 30 intis per kilo.

Restaurants and other establishments have been requested to indicate that it is buffalo meat so that the customer is not surprised.

For example, paiche cebiche is still on menus when everyone knows that paiche is not available because of the permanent ban declared in the jungle rivers to protect that species.

#### Buffalo

The buffalo is a strong, wild animal that lives under difficult conditions in swampy areas where it does better than on firm ground.

What is very important is that it produces meat and milk while grazing on poor pastureland. It is a docile animal that does not kick and rarely attacks with its horns.

This animal also reproduces well. The birth rate of a herd is more than 85 percent under a good pasturage system.

#### Milk Production

The buffalo has excellent dairy capacity, producing up to 2,500 liters of milk during a 300-day season with a fat content of more than 7.5 percent. In other words, each female produces an average of 8 liters per day.

As to meat production, a buffalo between 2.5 and 3 years of age weighs 400 to 500 kilos.

#### Introduction of Buffalo

The National University of the Amazon is working on a program to introduce the buffalo into the Amazon jungle. It began in 1966 by importing 19 females and 2 males from Brazil. In July 1974, 99 females and 7 males were imported. These animals have been distributed for propagation to seven livestock farmers in Loreto Department. According to official sources, this herd is developing under optimum conditions, but cannot yet withstand slaughter.

#### Argentine, Brazilian Beef Arrives

Lima EL COMERCIO in Spanish 20 Jan 86 p A-6

[Text] Yesterday 40 tons of beef and offal arrived in Lima from Argentina as planned. It will go on sale today in the different supply centers in Lima.

This shipment to help normalize the supply in the capital joins the 40 tons of chicken that arrived the day before yesterday from Sao Paulo under an agreement signed between ENCI [National Enterprise for Industrial Marketing] and the Exporters Union of Frago, Brazil.

It was learned yesterday from sources at the international airport that 100 cargo flights have been planned in the next few days to transport chicken, beef, and mutton from different parts of South America to Lima.

Yesterday, beef sales were almost normal.

#### Fish Sales

As to the sale of fish, there were no complaints from housewives. The EPSEP [Public Enterprise for Fishing Services] stands and street vendors had saurel, dogfish, mackerel, and other types of fish.

Saurel was sold at 3 intis per kilo and mackerel was priced at between 4 and 5 intis.

The supply of potatoes in Lima remained low yesterday since only 350 tons arrived, far below the amount needed to meet the demand.

Only 20 tons remained on the wholesale market for distribution to markets, stands, and other supply centers in neighboring zones. The rest was immediately distributed by 34 vehicles to markets in Lima and Callao.

7717

CSO: 3348/413

PERU

## NATIONAL INDUSTRIAL POLICY PLAN DETAILED

Lima EL COMERCIO in Spanish 19 Jan 86 p A-4

[Interview with Minister of Industry, Commerce, Tourism and Integration Manuel Romero Caro; date and place not specified]

[Text] EL COMERCIO: Mr Minister, what are the basic points of the industrial policy you plan to pursue?

Dr Romero: The industrial policy will be aimed, on the one hand, at selectively reactivating industrial production in the short term, and at the same time, at reorienting and restructuring the productive apparatus in the medium term within a new model of industrial development that will take shape over the long term.

A number of industrial production lines will be given priority for stimulus, in a selective manner. Within the context of industrial groups that have also been given priority, higher productivity, efficiency, profitability and competitiveness can be achieved both on the national market and in the international setting.

EL COMERCIO: What are these groups?

Dr Romero: The priority industrial groups are:

- a) agroindustry
- b) the industries designed to meet the basic needs of the majority of the population
- c) the export industry
- d) the import substitution industry
- e) the development of small-scale industrial and artisan businesses
- f) the development of the capital goods and intermediate goods industries that provide direct and indirect support to the agriculture and livestock, fishing, mining, hydrocarbons, energy, and transportation and communications sectors.

### Records to Attain

In the process of reactivating the sector, and for the purpose of gradually regaining the levels of production that had prevailed in the late 1970s,

short-term actions will focus on the regulation of prices, the utilization of installed capacity, the selective protection of the national industry, the reduction of red tape, the adjustment of legislative provisions to give selective incentives to the principal lines of production in each industrial sector, the search for new international markets for the exportable industrial supply, and the enhancement of the industrial worker's buying power.

#### Basic Needs of the Economy

EL COMERCIO: What will the industrial restructuring process consist of?

Dr Romero: It will be carried out gradually and selectively, for which purpose the following actions will be promoted:

- a) The development of an import substitution program that foment the growing and rational use of the national factors of production and the priority utilization of industrial production for other productive sectors.
- b) The development of an Export Industries Promotion Program that will provide incentives for the use of national factors of production.
- c) The promotion of both intersectorial and intrasectorial articulation, incorporating appropriate technologies that encourage more use of nationally-produced factors of production.
- d) The stimulation of education and training to increase the skill level of the sector's work force and its business management capacity.
- e) The promotion of industrial decentralization in accordance with the national regionalization program.
- f) The restructuring of the state administrative apparatus in order to modernize and decentralize it and enable it effectively to play its role as the planner, coordinator, regulator, promotor and driving force of the country's new industrial policy.

#### Andean Group

EL COMERCIO: You are Peru's representative to the Andean Group, the Latin American Economic System (SELA) and the Andean Development Corporation. One has the impression that these agencies represent the "international bureaucracy," which is usually unproductive and costly. Do you share that assessment?

Dr Romero: According to Article 100 of the Political Constitution, "Peru promotes the economic, political, social and cultural integration of the peoples of Latin America. . .," and under Article 7 of the aforementioned Legislative Decree 170, as minister of industry, commerce, tourism and integration, I am the titular representative of Peru at the Andean Group, SELA and the Andean Development Corporation.

I think that the bureaucracy is not just a national problem, but also something that appears at the international level. I would by no means assert that these agencies are bureaucratic, but clearly the countries that finance these entities should take the initiative to make a study on the optimum number of officials who should work in such agencies. We should also determine whether the salaries these officials receive are commensurate with

their productivity. I will try to coordinate with the member states, because I believe that these institutions should not only be efficient and dynamic, but also serve the process of integration, not the reverse.

EL COMERCIO: According to Article 223 of the Political Constitution, the ministry has a Consultative Commission. Who is on that commission?

Dr Romero: We are contacting the individuals who best represent the industry, commerce, tourism and integration sectors to form a highly qualified, multifaceted team that will be able to carry out the very important function assigned to that commission by Law No. 23340 as effectively as possible. Soon I will release the names of the members of that commission (no fewer than 6 nor more than 12 members).

EL COMERCIO: How many people work in your ministry?

Dr Romero: The Ministry of Industry, Commerce, Tourism and Integration (MICTI) has 2,664 employees, of whom 2,349 are appointed and 315 hired by contract. This figure includes all MICTI employees at the national level. It does not include the employees of the decentralized enterprises and agencies, which are related to the sector but do not have administrative autonomy. Examples are Cenfotur, the Integrated Tourism Project (COPECA), Foptur, Fopex, etc.

EL COMERCIO: According to the 1985 budget, how much has the Industry Ministry bureaucracy cost the country?

Dr Romero: In 1985 MICTI spent 77.6 million intis on operational costs. Of that amount, 59.2 percent was spent on salaries, 17.9 percent on the purchase of services, 16.7 percent on subsidies and benefits for employees. In addition, 5.8 percent was spent on the purchase of goods for MICTI operations, and finally, 0.3 percent was spent for the acquisition of capital goods.

#### Useless Bureaucracy

EL COMERCIO: What is the Industry Ministry doing to "debureaucratize" itself?

Dr Romero: The government has approved the National Debureaucratization Program, which contains 6 basic lines of action:

- Deconcentration and decentralization of decision-making, in terms of personnel and resources.
- Simplification of norms and administrative procedures.
- Institutional reorganization.
- Training and motivation for public employees.
- Participation of social and economic organizations in the enforcement of government policies.

--Support for the development of moralization in public functions and citizen conduct.

MICTI is developing a program aimed at achieving the above-mentioned objectives. We have determined that 145 types of transactions or procedures are carried out at MICTI, and we have selected 35 of them which cover nearly 74 percent of all the files being processed at MICTI. We have concentrated our efforts on streamlining these procedures, whether by introducing the system of affidavits, simplifying procedures, using computerized systems, eliminating requirements, or other means.

EL COMERCIO: You undoubtedly know that the Industry Ministry is cited as an example of "bureaucratization." Sometimes it takes years to set up an industrial enterprise. Do you share that opinion, or do you believe it is unrealistic?

Dr Romero: That is not the current situation, since the simplification of procedures for signing up with the Industrial Registry, which used to take more than 30 days, will enable this procedure to take place in 5 days. I should note, however, that for a business to operate formally, it must take other steps with other entities in the public sector, which could cause some additional delays.

It is appropriate to mention that at MICTI we have organized an office in charge of implementing a pilot plan whereby any citizen who wants to start a business is given the proper guidance and is provided with all the necessary forms. Afterwards, the office takes charge of all the steps required for that business to be formally constituted and placed in a position to begin operations. All of this is free of charge.

#### Informal Sector

EL COMERCIO: Do you have an approximate idea of the volume, estimated in soles, of informal industrial production in 1985?

Dr Romero: The informal industry, and the informal activities in general that are carried out in the other sectors of production, are the result of the inability of the formally established sector to generate enough jobs. Given the national productive structure, the supply of manpower is excessive. Thus, the formal sector is not absorbing employment at the same pace as the supply of labor is growing, a situation which is aggravated during times of recession. In view of this trend, it is understandable that the informal sector is becoming a means of subsistence for a large number of people, a kind of "escape valve" that temporarily mitigates unemployment and underemployment.

There are no recent or reliable statistics on the magnitude of this phenomenon in industry. It is quite difficult to obtain the exact figures, but some studies that compared the data from the last census with the Industrial Statistics figures estimate that the informal industrial sector generates nearly 22 percent of the country's total industrial value added, and 57 percent of total industrial employment.



EL COMERCIO: It is said that in Peru it is better to have a clandestine or informal industry than a legal one. The advantages are: 1) one does not have to deal with the bureaucracy of the Industry Ministry; 2) one does not pay taxes; 3) one does not have to worry about job security or the Industrial Community, and one avoids the municipal bureaucracy. Do you agree that those obstacles exist?

Dr Romero: Obviously the facts you mention sum up the three reasons which, among other factors, have caused the informal sector to emerge: extremely cumbersome procedures, excessive tax pressure, and aspects related to job security. But just as these elements that you call "advantages" exist, there are other, opposing factors that would be the "disadvantages" in engaging in informal production. For example, not having a credit rating and thus having to pay usurious interest rates to informal lenders; not being able to transfer ownership or use it as collateral; not having legal backing in the transactions one conducts; not being able to grow or specialize; not having any incentive to do so because of the precarious situation.

#### Becoming Formal

EL COMERCIO: What facilities would you provide to the informal businesses that want to enter the formal economy?

Dr Romero: The solution to the problem of informal business is not as simple as it appears, nor can it be obtained through a mere decree. A number of solutions that approach the problem comprehensively must be devised, because we have sociological aspects (rural-urban migration), economic aspects (excess supply of labor, type of technology chosen), and tax aspects (high fiscal pressure). Moreover, matters related to the police repression of activities such as smuggling, counterfeiting products, and the like must also be taken into consideration.

With regard to the facilities that may be provided in my sector to solve the problem of informal business, we can cite the Multisectoral Pilot Project for the establishment of small industrial businesses. This program helps with all the procedures required to establish a business legally in just a month. All the steps are taken by MICTI employees at the appropriate agencies. In this way, we prevent the businessman from wasting time unnecessarily, and we also prevent the payment of money (bribes) to speed up the processing of papers in one office or another.

#### Taxes

EL COMERCIO: Do the modifications in the tax system provide incentives for industry, tourism and integration? Was your ministry consulted about them?

Dr Romero: It is very difficult to predict the results that the latest modifications in the tax system will have on industry, commerce, tourism and integration. Some changes will undoubtedly favor business activity and others mean the elimination of certain incentives. But I think the benefits will outweigh the adverse factors. Thus, we estimate that moral persons domiciled in the country will have to pay about 12 percent less in income taxes. The

small and medium businessmen whose income does not exceed 75 UIT (630,000 intis) benefit most, paying approximately 33 percent less than under the previous tax structure.

Agroindustry will be stimulated significantly, because the income it generates will be exempt from the income tax. The businesses involved in the canning of hydrobiological products for direct human consumption are similarly affected.

The border and jungle regions will continue to be exempt from this tax, which means that border trade will not undergo any changes, except that those subject to Law 15600 will now pay 50 percent of the income tax.

We will try, however, to coordinate our actions with our neighboring countries in order to combat border smuggling, which acts as a disincentive to industry in these regions.

Although the benefit of a lower income tax for the capitalization of all or part of profits is annulled, as are reinvestment incentives, in the latter case the businesses that had been taking advantage of these privileges will be able to continue doing so in accordance with the terms and conditions set forth in the agreements.

In addition, we must not forget that businesses have the option of financing their activities with the incentives provided under the financial lease system, which in some cases are greater than the incentives eliminated by the tax reorganization law.

Agroindustry and the businesses involved in canning hydrobiological products for direct human consumption will also be exempt from the tax on business assets.

The repeal of the tax on payment for personal services will also provide tax relief for businesses and will lower their costs.

Furthermore, the repeal of the tax on the domestic sale and importation of carbonated waters and beverages and liquors and alcoholic beverages; the tax on the sale of iron and steel products under the Peruvian State Iron and Steel Enterprise (SIDERPERU); the stamp tax on nationally-produced and imported beauty products, perfumes and cosmetics; and the tax on the sale of vehicles to the public, will all serve to encourage not only the marketing of these goods but also domestic production.

Thus, I am certain that the tax changes that have been made not only will alleviate the tax pressure on businesses, but will also encourage the national food industry in particular, a sector on which the government has placed special emphasis. In addition, the recent tax changes affect only areas related to direct taxation. Indirect taxation has yet to be dealt with.

It should be noted that these tax changes are aimed at the reactivation of production, which is the key objective for 1986. These and other promotional measures which we are studying will contribute to the consolidation of national industry.

## Foreign Debt

EL COMERCIO: Was the government correct in devoting only 10 percent of its gross export earnings to pay the foreign debt?

Dr Romero: The experience of recent years indicated to us as we took office that Peru was unable to withstand a rising foreign debt service without making tremendous domestic sacrifices. Either we continued paying our debt and demanding more and more sacrifices of our people, or we paid in accordance with our possibilities and devoted more of those resources to internal investments to create the conditions for the reactivation of production and for paying that debt later on. Naturally, we need foreign resources, and in this regard we thought we should pay something to our creditors, as I have just stated, in keeping with our possibilities. That was why it was decided that to meet our recovery objectives, 10 percent was an appropriate level, and that was what was done. To be sure, in absolute terms this figure may be larger; everything depends on the recovery of the prices fetched by our principal exports. It also depends on the developed countries (our principal customers) refraining from putting up barriers against our exports, particularly the non-traditional ones. Meanwhile, we will try to promote domestic savings so that we can obtain the financial resources we need for investment.

## Available Money

EL COMERCIO: You have mentioned a very important sum of money that is available in the banking system and is going unused. Could you please specify the figures and the categories, and the way these funds can be utilized?

Dr Romero: Looking at the weekly note published by the Central Reserve Bank gives one an idea of the total liquidity of the financial system. As of 30 November 1985, it was about 38.8 billion intis, while on the same date, the total net credit extended to the public and private sectors by the same financial system was just 27.8 billion intis. In other words, on that date there was a significant gap of 11 billion intis, or 11 trillion soles, that was sitting idle. These funds were the result of the reserve requirement, but also of excess reserves and time deposits in the Central Reserve Bank that had been made by the financial institutions.

Moreover, it can also be noted that while the liquidity of the system in real terms has remained at about 1.3 billion intis (except in 1983, when it declined), real credit has had a tendency to fall, particularly in the second half of 1985.

Obviously, that idle balance must be used and oriented toward supporting productive activities in order to achieve the economic recovery.

## Uncertainty

EL COMERCIO: Peruvian industry must be competitive with foreign industry. Do you believe that the labor community and job security are facilitating or

impeding that competitiveness? My question refers to the economic and commercial effect, not the constitutional or legal aspect of these innovations.

Dr Romero: It is clear that any category of outlays that affects the profitability of a product ultimately affects its competitiveness on the international markets because of the higher costs. Fortunately, however, the final competitiveness of a product does not depend solely on the two factors mentioned by you. Other factors also enter into play, such as the quality of the product, productivity, scales of production, knowledge of the market, and the incentives provided by the state to promote exports. The latter include the special labor system established under the Non-Traditional Export Promotion Act (Decree-Law 22342) and the recently created CERTEM or tax rebate that is given to businesses for opening up new jobs. In other words, I am citing these examples to demonstrate that just as there are elements that may be considered adverse, there are also favorable factors that are oriented toward enhancing competitiveness.

8926

CSO: 3348/410

PERU

## BRAZILIAN DIESELS, AIRPORT SAFETY DISCUSSED

Lima EL COMERCIO in Spanish 18 Jan 86 p A-4

[Interview with Jose Murgia Zannier, minister of transportation and communications, 17 January]

[Text] The importation of Brazilian diesel engines for Lima buses is a matter to be taken up in the Ministry of Industry because it would affect the national industry that we must protect, Minister of Transportation and Communications Jose Murgia Zannier said in an interview with this daily yesterday, during which he spoke of problems in his department.

[Question] What can you tell us about the announcement that Lima is reportedly studying the possibility of importing diesel engines from Brazil for buses in the capital?

[Answer] One thing is very clear: We have an Industry Law that deals specifically with products that can be imported. Whoever wishes to go abroad for such purposes must have a certificate of noncompetition. We do logically manufacture diesel engines in Peru.

[Question] Would importing engines from Brazil affect the national industry?

[Answer] Naturally. We are trying to help national industry. This is a matter to be taken up by the Ministry of Industry, based on legal and regulatory provisions.

## Safety at Airports

[Question] Let us move on to another matter. What can you tell us about safety at the airports, especially Jorge Chavez Airport, about which you gave a report recently before the permanent congressional committee?

[Answer] We reported in great detail before the standing committee and also revealed measures taken by my department from July to December concerning a number of aspects related to the operation of CORPAC [Corporation for Airports and Commercial Aviation] from the economic, financial and operational standpoints.

[Question] What has been done from the operational standpoint?

[Answer] A number of actions have been taken, such as the installation of a communications system with the help of a loan from the World Bank.

[Question] Will that system of communications be national in scope?

[Answer] It is a process that we hope will provide a controlled air space in Peru by the end of the year, with over 60 percent of the territory covered. We now have 25-percent cover.

11,464

CSO: 3348/412

PERU

#### BRIEFS

PISCOBAMBA FISHING COMPLEX--Huancavelica, 17 Jan--A fishing complex for the production of salmonidae will be set up in Piscobamba, in Angaraes Province, with an investment of 220,000 intis. The complex will be run by the peasant community in the area. An agreement has been signed between the Huancavelica Departmental Development Corporation and the municipality of Angaraes so that the community may provide 4,000 square meters of land where a 90-pond fish hatchery will be set up. According to plans already drawn up, 60,000 kilos of salmonidae will be produced by the end of this year. The agreement stipulates that Corde-Huancavelica will finance the project with an investment of 220,000 intis, while the council will provide the machinery needed for construction of the tanks. The waters of the Acobamba River will be used for the production of fry and trout. [Text] [Lima EL COMERCIO in Spanish 18 Jan 86 p A14] 11,464

PETROPERU ON GAS PIPELINE--The likely existence of large deposits of gas and condensates (gasoline in suspension) on Lot 36, assigned to Occidental Petroleum Corporation, would make construction of a gas pipeline between Madre de Dios and the port of Pisco necessary. The pipeline would cost some \$2 billion and be built by Occidental, Carlos Lizier Gardella, manager of PETROPERU [State Petroleum Agency] reported yesterday. Concerning the parcel 36, Lizier said that it had never been requested by anyone and that PETROPERU was interested in claiming it. However, the initial technical studies did not reveal signs of the existence of oil, but rather, of gas and condensates. Shell has completed exploratory work on parcels nearby with an investment of \$150 million. It has found gas deposits. If that company finds larger gas reserves, it could not built a pipeline by itself to get the product out. However, Lizier said, with what Occidental may find on Lot 36 -- considered to be a geological extension of the same vein worked by Shell -- then construction would be justified. The official also reported that PETROPERU has for the first time taken measures aimed at reserving exclusive areas for itself where not only oil should exist, but also gas with condensates. [Text] [Lima EL COMERCIO in Spanish 21 Jan 86 p A3] 11,464

PREFERENCE TO LOCAL FIRMS--PETROPERU and its affiliates will give preference to national firms providing oil-related services. It will also extend that preference to goods produced in the country and, with respect to consulting firms, to specialized Peruvian enterprises, according to Legislative Order 366, published in EL PERUANO yesterday. PETROPERU or its subsidiaries will give

20 March 1986

reference to the services of national companies provided such services are offered under similar terms of timeliness, price and quality as those proposed by joint ventures or foreign firms. If there are no bids from national companies for services, PETROPERU will preferably use those of joint Peruvian and foreign ventures. Regarding the purchase of goods and equipment, priority must also be granted to those produced in the country, as long as they compete with foreign entities in terms of quality, price and timeliness. In addition, in cases in which PETROPERU requires the contracting of consulting, engineering, advice or administration, preference will be given to specialized national firms if they can provide such services with the same price, quality and timeliness as those offered by joint or foreign enterprises. The legislative order also empowers PETROPERU and its subsidiary, PETROPERU Services, Inc., to sign partnership contracts with third parties aimed at the completion of studies, works and services related to petroleum activity, as well as oil contracts concerning the provisions of Decree Law 22774. It authorizes PETROPERU, its subsidiaries, national and joint venture partners and any national or joint firms entering into contracts with PETROPERU to receive tax exemptions on any equipment directly related to oil service activities for the purposes of those contracts, provided such equipment is not produced in the country. [Text] [Lima EL COMERCIO in Spanish 19 Jan 86 p A-6] 11,464

LOCALLY-MADE COMPUTER SOFTWARE--A Peruvian firm, Digicomp, has developed a software package for computerized office management and placed it on the local market. The name of the system is Amadeus. When in Operation, the program is a "concert" of many "instruments," which, when finely tuned, provide Peruvian offices with help in management in the Peruvian style, maning in the "cholo" or native style. Amadeus has word processing, musical counterpoint for electronic mailing between offices. (It may also be connected with public systems, which we wish we had) and electronic filing. These applications are supported by Amadeus' local area systems, which make it possible to connect different machines located in different offices. The software package is designed to operate based on the traditional mode of business administration in Peru, which is different from that of the United States, according to Ricardo Maggi, the engineer who designed Amadeus. The latter takes into consideration the structure of the office as it is, with its furniture, cabinets, desks, agendas, papers, office of executive secretary and "sociable" manager. Amadeus is designed so that all offices will have a terminal or personal computer, which will be connected in a system: managers, secretaries, executives and professional personnel. Its purpose is help in decision-making and consequently, given Amadeus' open architecture, can have management programs such as Lotus and Dbase, in addition to programs for specific applications of the organization -- applicational software -- in languages such as basic. All programs are linked by a "menu," which is part of Amadeus. [Excerpts] [Lima EL COMERCIO in Spanish 19 Jan 86 p E-12] 11,464



HOUSING SHORTAGE ASSISTANCE--Barely 15 percent of the population in the country have their own houses. For this reason, the government plans to carry out a program of "lots with services." This year the program will provide 105,000 lots, according to Minister of Housing Luis Bedoya Velez yesterday when he was at the airport to see some relatives off. He repeated that the government is determined to relearn the old techniques of building houses with adobe and cinchona. He said that each lot will be handed over with services so that the owner can take his documents to the Banco de Materiales to finance construction. Bedoya Velez also pointed out that the system of "lots with services" has curtailed land invasions. He revealed that plans for Lima include the delivery of 18,000 lots with services, like in Ventanilla. Minister Bedoya said that the government's idea is to have 100,000 lots with services available each year. He recalled that the housing shortage is bad since the previous government limited itself to constructing expensive houses, ignoring the large popular masses. He praised the return of the barter system for housing construction since, due to inflation, many builders were doing business in dollars. [Text] [Lima EL COMERCIO in Spanish 20 Jan 86 p A-5] 7717

CSO: 3348/413

SURINAME

DRAFT CONSTITUTION SEEN AS OVERTAKEN BY 25 NOV ACCORD

Amsterdam DE VOLKSKRANT in Dutch 8 Jan 86 p 4

[Article by Henk Thomas]

[Text] Amsterdam/Paramaribo--Everything points to the fact that Suriname's draft Constitution, which was completed on 12 December, and which was discussed in the National Assembly at the end of December, is destined to have a premature end. Spokesmen for the "old" political parties believe that when the draft Constitution was presented for debate in the Assembly, it had already been overtaken by the 25 November "Paramaribo Accord" when Commander Bourterse reached a reconciliation with the "old" political leaders Arron, Lachmon, and Soemita.

Of the draft Constitution which was strongly criticized in the National Assembly at the end of last month, parts have been published by the Surinamese media. Recently, a single copy of the draft has been circulating in the Netherlands.

The first Article on General Principles reads: "The struggle between foreign owners of our most important means of production, and an unpropertied nation that creates the wealth, until now has been the driving force on our historical development. Up until 1980 this struggle took place under the total political and cultural domination of a foreign power, the Netherlands. Following the coup of 1980, an important change has come about in the political power balance between these two forces, and consequently in the nature and the methods used in this struggle. This means that in this phase, despite the reduced level of the continued economic dominance of imperialism, the pre-1980 Constitution is no longer satisfactory."

In order to put an end to "the economic dominance of imperialism," a plea is made for the nationalization of the most important means of production in the Article on economic goals. Foreign trade and foreign currency exchange must be placed under state supervision.

Political Rights

In the Article on Constitutional Rights, reference is made to international treaties pertaining to human rights. But again, those given special emphasis

are: the freedom to organize politically "in the context of the political democracy guaranteed by the Constitution," the freedom to form trade-unions, and the right to strike "limited by the restrictions which apply to this right." Grouped in another Article are "the right to freedom of expression and freedom of the press." Added to that is: "To make this right meaningful, the press, radio, and television and other organs of the media to a great extent must be state-owned and not dependent on foreign funding."

The draft Constitution was criticized during the debate in the National Assembly particularly by representatives of industry and trade-unions, and to a lesser degree by the representatives of the 25 February Movement of which Bourterse is chairman. In general, representatives of the trade-unions and industry rallied around Constitutional committee members Loembang Tobing and Ramdihal, who had reservations about three points in the document.

The two members expressly disagree with terms like exploitation, imperialism, foreign dominance, forced behavior. They want the listing of human rights to be in conformity with international treaties, and they point to ambiguous formulations regarding state influence and the nationalization of the means of production on the one hand, and to private enterprise (which according to the draft must be promoted) on the other hand. Mrs. Loembang Tobing and Ramdihal are pleading for a definite choice. They especially want private enterprise to be given a definite and fundamental place in the Constitution.

#### Laconic

Members of the Assembly contacted by phone say they don't know what is going to happen with the draft Constitution. They don't even know if, and--if so--how, the draft Constitution will be amended to satisfy the criticism that has been expressed. They point out that the Assembly does not officially have the right to amend proposals.

The highest echelons of the "old political parties" reacted laconically to the draft Constitution which was drawn up without their participation. Several spokesmen call what they have seen of the draft vague and ambiguous (the old parties will not officially receive the document until the middle of this month). Furthermore, they have no good word to say about the procedures used for drafting a new Constitution.

They point out that in Suriname's highest political organ, the so-called Supreme Council, the parties and groupings deliberate separately about Suriname's new Constitution. On the one hand Commander Bouterse, Prime Minister Udenhout, the chairman of the National Assembly and the top-ranking members of trade-unions and industry deliberate over "lasting democratic structures." At the same time, but separately, Bouterse and leaders of the old political parties, Arron (Suriname National Party--NPS), Lachmon (United Hindustani Party--VHP), and Soemita (Indonesian Peasants Party--KTPI) in the Supreme Council negotiate about the return of "a genuine democracy." Bouterse and the political leaders, formerly removed by him, agreed to that on 25 November during the tenth anniversary celebration of independence.

According to the spokesmen from the NPS and the VHP, the proposed draft Constitution has been overtaken by the 25 November Accord. "The road from Paramaribo to Zanderij airport is paved with draft proposals for a Constitution. We are not getting excited about it, especially since the draft that is now being discussed says nothing about the form of government, or the division of power among the various organs. And that is what it is all about," says a spokesman, who is involved in the deliberations in the Supreme Council on behalf of the old parties.

The old politicians who, in the middle of this month will begin negotiations about a "genuine democracy" are sticking to their demand, according to spokesmen, that Suriname must go back to parliamentary democracy as it was before the coup, in which the military would be limited to a supervisory role. There is some optimism. A member of the NPS Party who is involved in the negotiations with Bouterse says: "I don't have the impression that the military will create a problem when they are reduced from a dominant position to a supervisory role. But, I cannot be sure of this."

13092/9435

CSO: 3214/35

VENEZUELA

NEED TO REORIENT MAS POLITICAL STRATEGY UNDERLINED

Caracas EL DIARIO DE CARACAS in Spanish 20 Jan 86 p 14

[Commentary by Gilberto Alcala: "The Anniversary of MAS"]

[Text] The Movement Toward Socialism (MAS) has reached its 15th birthday bearing the heavy burden of not having overcome its internal crisis and of still not having taken a convincing ideological stand. It has thus been unable to chart and pursue an opposition policy to attract followers (or votes) that would make it a major force in national politics and a contender for office.

A political party is founded for that purpose alone. A party is run with that accomplishment in mind.

In the face of an administration that has made mistake after mistake in its economic policies, which have had grave repercussions for the poorer classes, and in the face of a COPEI [Social Christian Party] that is bearing the burden of administrations stigmatized by inertia and corruption, MAS seems shackled, without plans, without a platform for its struggle. Never before has a party that has aroused so much political interest and expectation been presented with such an opportunity to set a course between those two groups.

MAS knows that COPEI will not be able to unfurl social and political banners until it takes responsibility for the previous administration. The country knows, however, that MAS has not fought for grievances because it has not put its ideological and internal differences behind it. To the despair of analysts, MAS leaders seemingly fail to understand that a vast segment of the country is still waiting for leadership, for a movement that can make our democracy stronger and more respectable.

MAS ought to know that it would be easy for its leaders to banish the elites that are holding the MAS movement back because they are isolating it from its own followers; likewise, we know that it is hard for COPEI to evade its moral responsibility for not having punished in a timely fashion the people who made use of public monies. MAS should use this edge to push for social and political grievances. MAS has proposals with currency. MAS should realize that it can outpace COPEI if it stops looking within itself and opens up to the country in a bid to represent it amid this crisis. Although it does not

suffer from the complex of having governed poorly, MAS has gotten bogged down in ideological, dogmatic debates amid its sluggish day-to-day efforts.

The leaders of MAS founded the party as a fresh alternative for enhancing our democracy, and this has been the essence of the struggle of those who feel that they are represented by Pompeyo Marquez, Teodoro Petkoff and Fredy Munoz. Today the party surely has new battle plans; programs for congressional action, for the labor movement; ideas for new economic policies to eliminate social inequalities and guarantee citizens an education and assistance. The country has no other party as young as MAS that has discussed more earnestly the problems of the Venezuelan people; and they have all been serious, analytically responsible, philosophical discussions of political substance.

During these discussions, confined to the party's highest national assembly for appointing authorities, voices were raised in protest over rising unemployment, personal insecurity, the lack of health care aid, against corruption and, above all, calling for the country's economic and political sovereignty. And these stands were publicized in the statements of party leaders.

The obligatory next step would seem to be to move from words to actions. There is good reason to do so. All that has to be done is to take to the streets and explain why the administration's economic policy is a disaster; why a rescheduling whose terms are still unknown is prejudicial to the country; why a hike in the price of gasoline to cover our own higher wages and salaries is ruinous. The order of the day is to leave behind the lengthy discussions or exercises in political science and take up, in the factories, in the streets, in Congress, in primary and secondary schools, in universities and in the fields, the defense of Venezuelans who are seeing their chances for well-being wane every day.

To this end, MAS must put its house in order, so that it can overcome its internal crisis, define its ideology and fight to improve our democracy.

8743

CSO: 3348/429

VENEZUELA

MILITARY MANEUVERS ON CAIMANES BEACH

Caracas EL DIARIO DE CARACAS in Spanish 31 Jan 86 p 7

[Text] Off the coast of the Araya peninsula, the 15th version of "Operation Caiman" took place, attended by the commander of the Navy, Vice Adm Justo Pastor Fernandez, who announced the arrival of 38 amphibious vehicles and four aircraft for reconnaissance of the Venezuelan coasts.

On Caimanes Beach, facing the Caribbean Sea, Army, Navy and Air Force firing forces battled the enemy troops which withdrew to the outskirts of Cariaco, fleeing from the marines who had landed at dawn, reliably escorted by three missile-carrying frigates and transported on the ships "Capana," "Esequibo," "Los Llanos" and "Guajira."

Atop the hill, the Navy commander, Justo Pastor Fernandez, without missing any details of the operation, declared that the "war games" test the efficiency of the equipment and evaluate the degree of training among his men, even proving that "in peacetime the soldier must know how to face combat," with all its risks, on the rough grazing terrain as a theater, without a backdrop to make what was the 15th version of the "Caiman" maneuvers more realistic.

Yet without awakening the town of Caimancito and its 300 families, where the Marshal Antonio Jose de Sucre Combat Tactical Unit had carried out civic activity for its residents, one perceived the roar of the F-16's, Canberras, Mirages, and Broncos, which would be engaged in "softening the enemy coast," paving the way for the launching of 160 Army paratroopers who hit the target and established positions until it was time for the amphibious attack, to observe about 3,000 marines on the scene.

While the frigates "Salom," "Sucre," and "Urdaneta" were firing at a distance of over 15 kilometers, four waves of amphibious vehicles with landing force (LCVP) were launched into the sea and, a few moments later, would take the beachhead and force the enemy troops to retreat. An hour and a half later, the "number one target" was under control. The infantry advanced, while new combatants arrived at the coast, mingling with the brave line of graphic reporters.

"Operation Caiman," like the Salamandra, Quigua, Libertador, Baba, and Piranha maneuvers, serves to train Venezuelan troops in warfare, while at the same

time allowing the FAN [National Armed Forces] high commands to correct shortcomings that would prove fatal in a conflict situation. On this occasion, the Navy commander was accompanied by the naval operations commander, Díofoante Torrealba Chaparro; the inspector general, Victor Nunez Rodríguez; the chief of staff, Victor Mendez Rea; the naval personnel commander, Alejandro Lander Landaeta; and the naval logistics commander, Victor Romero Escobar.

While one after another wave of marine vehicles approached the coast, the announcements continued cropping up: "Very soon, the other 26 'Urutu' vehicles that we recently purchased from Brazil will arrive; we received the first 12 during the first half of January. We are also awaiting the four reconnaissance aircraft that the Navy purchased, which are due to be in the country at the beginning of February, to be immediately incorporated into the search and patrol operations at sea."

When approximately 3 hours and 40 minutes had elapsed since the beginning of the landing, the carriers approached the beach to leave ashore, later setting up a ramp for all the infantry ordnance, including supplies and vehicles for the rapid displacement of troops which supposedly had already consolidated a radio 100 kilometers around the area, where the Venezuelan Navy commanders established the proving ground for this operation, which lasted for a period of 7 days.

Meanwhile, Fernandez Marquez told the reporters invited to the maneuvers that "other countries, except for the United States, do not hold these exercises, and in Venezuela a high degree of training is being achieved for the marines in each one of these tests." He did not miss the opportunity to announce that, during March, "Operation Caiman" would be repeated, once the details of this imaginary war in the territory of the Araya peninsula had been corrected.

2909

CSO: 3348.427



VENEZUELA

# VISITING SI LEADER ON OPEC, OTHER ISSUES

Caracas EL DIARIO DE CARACAS in Spanish 2 Feb 86 p 21

[Text] Yesterday, at his residence, former President Carlos Andres Perez held a breakfast for the German leader of the Socialist International, Hans-Juergen Wischnewski, which was attended by the president of the republic, Jaime Lusinchi, the minister of internal relations of the Secretariat of the Presidency, the minister of foreign affairs, and several Democratic Action [AD] leaders.

After the breakfast, Wischnewski spoke to the media and, among his comments, he expressed the view that, "Those who think that the right time has come to strike a blow at OPEC are deceiving themselves because, in my opinion, the destruction of OPEC would mean chaos at the present time."

As was later explained by former President Perez, the German Social Democratic leader is in Caracas to hold talks with the Democratic Action heads before starting a trip to Central America and Washington. Members of the Socialist International will meet in Caracas in order to take off for Costa Rica at 0800 hours next Tuesday morning. Beforehand, they will exchange views concerning those negotiations. Carlos Andres Perez will head that group.

The purpose of this trip is to talk with the leaders in the Central American countries for the purpose of giving an impetus to the Contadora process. The foreign ministers in the group have planned a meeting in Washington on 10 February. According to Wischnewski, at the breakfast they discussed the economic situation and oil prices.

With regard to Contadora, he said that there was no reasonable alternative to its process. "There is no doubt that it has embarked on a critical situation, but the abandonment of the process would bring chaos. It is a matter of wielding an influence on those countries, particularly in Central America, which hold positions that are overly critical of Contadora."

As for the cut in crude prices by Venezuela and Mexico, Wischnewski noted that Venezuela, as a member of OPEC, would consult with that organization. After pointing out that the destruction of OPEC would be detrimental, he remarked that he, as a representative of an industrialized country, must always bear in mind the two sides of the coin: on the one hand, the price of oil and, on the other, the export opportunities of an industrialized country; opportunities which depend largely on the price of oil.

2909

CSO: 3348/427

VENEZUELA

NEED TO REVISE SAN JOSE ACCORD UNDERLINED

Caracas EL DIARIO DE CARACAS in Spanish 27 Jan 86 p 16

[Text] The San Jose Accord for providing oil should be revised and should not be signed again between Venezuela and Mexico without a prior discussion of its contents and of what both countries will be pursuing in their foreign policy toward the countries receiving the aid; also taking into consideration the donors' internal economic situation. This proposal is made by economist Maruja Tarre de Lara, in a research work entitled: "Evolution of Foreign Aid In Venezuelan Diplomacy: the Case of the Oil Supply to Central America," which won her second prize in a competition organized by the Inter-American Development Bank upon the occasion of its 25th anniversary.

In addition to having been acknowledged on the continental level, Maruja Tarre's report has gained significance in view of the current status of the world oil market, which has prompted Presidents Jaime Lusinchi and Miguel de la Madrid to decide to meet at the Cancun seaside resort this Thursday, 30 January. When the Mexican minister of energy and mines, Francisco Labastida, here last Saturday at Miraflores, was asked whether the San Jose Accord might be modified as a result of this presidential meeting, he thought a long time before answering, and his response was that it would be necessary "to wait until the two chief executives meet."

Oil and Diplomacy

Tarre de Lara remarks in the introduction to her research work that Venezuela began its policy of international energy cooperation recently. When it was initiated, it was based clearly on the country's major foreign policy objectives, such as the Third World movement, Venezuela's international leadership, and the creation of a new international economic order. The first energy cooperation plan was signed during Carlos Andres Perez' presidency, and was known as the Puerto Ordaz Pact, dated December 1974. "It is no coincidence that Venezuela's action as a new participant in the realm of international economic cooperation began at that time. It was directly related to the new worldwide role assumed by the oil exporting nations, most particularly the members of OPEC." Moreover, she notes, the fact that the international financial cooperation plans assumed considerable importance in Carlos Andres Perez' foreign policy was due to the new objectives of Venezuelan diplomacy: the use of oil as a tool in international policy, and Venezuela's promotion as a leading Third World country.

The economist notes that, during Luis Herrera Campins' government, the international environment prompted Venezuela to have a policy of greater intervention in Central American affairs. "Venezuela was not seeking to change the world, but rather to modify established policies in Central America. That was the institutional context wherein the Puerto Ordaz Accord concluded and the San Jose Pact began."

#### The San Jose Accord

Maruja Tarre stresses that Venezuela signed the San Jose agreement, concerned over the region's political deterioration, citing the need for directing the foreign policy toward the defense or promotion of democracy and the curbing of totalitarianism. The pact was signed in August 1980 for a period of 1 year, with the possibility of being renewed annually. Nevertheless, it has been extended year after year without any public discussion concerning it. The renewals in 1981-82 were almost automatic. In 1983, since the economic situation of Mexico and Venezuela had changed, certain adjustments had to be made before the agreement for an oil supply was renewed. In 1984, the renewal was announced, adding a new condition: oil would not be sent to those countries which were contributing to the war in the region. "This clearly political clause appears impossible to fulfill, unless Venezuela and Mexico intend to redirect the supply and really decide to penalize certain countries; but that decision has not yet been made." In 1985, the accord was extended without any reference to that change; and, this year, it was renewed without presidential or ministerial meetings.

The economist considers it surprising that the present government, which has changed most of the previous regime's policies, has kept the San Jose Pact unchanged. "One possible explanation is that the government of Venezuela, and perhaps that of Mexico as well, is confounded by the events in Central America. By providing for the oil consumption in the countries of the area, Mexico and Venezuela have control of a strategic political weapon. Up until now, the San Jose Pact, despite its obviously political nature, has not been used as the tool with enormous political pressure that it could be. Unquestionably, discretion has prevailed in both countries in view of the fear of finding themselves even more implicated in Central American internal politics."

#### Urgent Revision

Maruja Tarre de Lara thinks that the San Jose Accord should be revised, based on the feasibility of redirecting Venezuela's international economic cooperation. At the present time, there is no overall political evaluation of the oil assistance, bearing in mind the goals of Venezuela's foreign policy. She also points out that there is no assessment of the effects of the oil supply on the Central American economies, and that there is dissatisfaction among PDVSA [Venezuelan Petroleum, Inc.] officials over this assessment. Nor is there punctuality in the payments made by the beneficiary countries, which are constantly requesting more credit. The latter have also indicated (despite the secrecy kept in this regard by the diplomatic representatives here)

that Venezuela has delayed in depositing 20 percent of the financing called for in the respective central banks. Moreover, it is feared that the financing received has been used to solve short-term problems in the balance of payments, instead of development projects.

In her opinion, owing to the very dynamics of the Central American situation, the energy cooperation program will become a program of pressure and remuneration directed toward client or friendly countries. If Venezuela wants to dissociate itself from the "interventionism" in the region, it will have to turn the San Jose agreement into a program of cooperation, and not aid.

She emphasized: "The program should not be completely unilateral as it has been to date, with the decisions made in Mexico City and Caracas, later reporting them to the Central American beneficiaries; and it must take into consideration what type of influence Venezuela might have in making progress toward a negotiated peace in Central America."

2909

CSO: 3348/427

VENEZUELA

# FIRST STAGE OF URIBANTE-CAPARO TO BE COMPLETED IN 1987

Caracas EL DIARIO DE CARACAS in Spanish 18 Jan 86 p 5

[Article by Francisco Olivares]

[Text] The first stage of the Andes Uribante-Caparo hydroelectric system will be totally completed during the first quarter of 1987, according to estimates by CADAPE [Electrical Administration and Development Corporation] technicians. The first stage of the project consists of a 139-meter high dam that will form a 20-square kilometer reservoir and an 8.1-kilometer long diversion tunnel that will carry the waters of the Uribante River to the San Agaton power plant, where two 150-megawatt turbines will be installed.

On an invitation from CADAPE President Gaston Uzcategui, EL DIARIO DE CARACAS toured the Andean region where the basins of the Uribante, Caparo, Doradas and Camburito rivers are the construction sites of the four dams, three reservoirs and three electric power plants that make up the hydroelectric system being put together in the western region of the country. According to estimates, the three-stage project will be completed by 1992-1993 at a cost of 17.11 billion bolivars.

The three hydroelectric power plants together have an operating capacity of 2,045 megawatts, which will be earmarked for the western region. They will also be hooked up to the national electric power grid.

## Project I

The first stage of the system is located along the Uribante River, where the 139-meter high La Honda Dam has been built; it will create a 20-square kilometer reservoir that can hold 775 million cubic meters of water.

Emerging from this reservoir is a tunnel that descends in steps over a stretch of 8 kilometers, carrying the waters of the Uribante River to the San Agaton hydroelectric plant. Owing to the uneven terrain in the basins, the river waters can pass through turbines up to three times. The first stage of the hydroelectric plant will put out 300,000 kilowatts by harnessing a 350-meter drop.

The first-stage La Honda Dam is currently 100 percent complete; the diversion tunnel is 80 percent finished, and at the power plant the construction work and the installation of the turbines are 35 percent completed.

The first stage will be completed by the first quarter of 1987, according to project director Rafael Angelico.

### Third Project

This project is located along the Camburito and Caparo rivers.

It includes the construction of two earth-fill dams, Borde Seco (125 meters high) and La Vueltona on the Caparo River (also 125 meters high). The two will create a 117-square kilometer reservoir with a storage capacity of 5.6 million cubic meters.

The Camburito-Caparo project calls for the construction of the La Vueltona electric power plant at the foot of the dam; it will have an output capacity of 520 megawatts during the first stage and 780 during the final stage. The project will be completed in 1992 or early 1993 at a cost of 5.31 billion bolivars.

### Second Project

The second project is located on the Doradas River, and work will resume this year. A 115-meter high dam is being built here to form a 30-square kilometer reservoir that can hold 1.18 million cubic meters of water. Also under construction are a 2.9-kilometer long diversion tunnel and a power plant, La Colorada, where two 230-megawatt turbines are being installed during its first stage.

The second stage calls for the installation of two additional turbines with a total capacity of 920 megawatts that will take advantage of a 353-meter drop. The Doradas-Camburito project will cost a total of 5.54 billion bolivars and is scheduled for completion in 1992-1993.

Together, the three power plants will have an operating capacity of 1.32 million kilowatts. The energy will serve a population of 5.7 million in the states of Zulia, Trujillo, Tachira, Merida, Barinas, Portuguesa and Falcon.

The project will provide jobs for 6,000 people and indirectly for another 2,100; some 33,000 persons are dependent on the project.

Once the three reservoirs have formed, some 40,000 hectares of land that are at present constantly flooded during the rainy season will be reclaimed. Thanks to the reservoirs, they will be usable year round for the potential irrigation of some 80,000 hectares.

8743

CSO: 3348/429

VENEZUELA

BRIEFS

NURGAS PIPELINE NETWORK--CORPOVEN, a subsidiary of PDVSA [Venezuelan Petroleum, Inc], is investing 6 billion bolivars in the new gas pipeline network (Nurgas), which is the company's most important project at present. According to a Venpres report, project manager Jose Gregorio Paez emphasized that MENEVEN, another PDVSA subsidiary, would invest 5 billion bolivars to develop the Copa Macoya and Placer gas deposits in Guarico State and to drill wells in the Anaco field (Anzoategui) to supply CORPOVEN with gas for distribution through Nurgas. Paez said that the new gas pipeline system would be 802 kilometers long, starting at Anaco and ending in Rio Seco (Falcon), where it will hook up with the existing Rio Seco-Ule (Zulia) gas pipeline. The report notes that Nurgas will supply 150,000 cubic feet of gas a day to the gas injection projects at the Maracaibo Lake deposits to boost the recovery of crude oil there. Gas injection will enable 223 million barrels of oil to be recovered from the lake. Paez said that Nurgas would meet the household and industrial demand for gas in the western and central regions of the country, the demand at refineries in the western area, and the demand at the Maracaibo injection projects. He added that 40,000 barrels a day of petroleum liquids would now be available for export; they are currently being consumed by the Tacoa and Caracas Electricity thermoelectric power plants and the Electrical Administration and Development Corporation's Centro plant. Paez indicated that the studies on the network route and on the environmental impact of Nurgas have already been conducted. Of the funds budgeted for the project, 572 million bolivars have so far been spent on 30 separate contracts with domestic companies. [Text] [Caracas EL DIARIO DE CARACAS in Spanish 26 Jan 86 p 25] 8743

CSO: 3348/429

END